# TOWARDS INDUSTRIAL PEACE

Being the Report of the Proceedings of a Conference organized by the League of Nations Union and held at the London School of Economics, February 1-4, 1927

ON

## SYSTEMS OF FIXING MINIMUM WAGES

(Subject on the Agenda of the International Labour Conference, League of Nations, at its 1927 session)

AND

## METHODS OF CONCILIATION AND ARBITRATION

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# INTRODUCTION

THE Conference held by the League of Nations Union on the minimum wage and on methods of conciliation and arbitration was a remarkable one. Two points specially call for notice. It was attended by distinguished representatives of all schools of thought. Trade Union leaders like Mr. Arthur Pugh and Mr. Citrine discussed problems with employers like Mr. W. L. Hichens and Mr. Charles Renold. Oxford sent the Master of Balliol and Professor Gilbert Murray, and London Sir William Beveridge. Lord Burnham brought his unrivalled knowledge of arbitrations, and M. Albert Thomas came from Geneva to explain how far the world was attaining, and how far it was breaking, industrial peace. Sir W. Mackenzie, President of the Industrial Court, Mr. Clynes, M.P., Miss Constance Smith, late of the Home Office, all drew upon the very special knowledge they possessed; whilst younger politicians were admirably represented by Miss Ellen Wilkinson, M.P., on one side, and Captain Harold Macmillan, M.P., on the other.

That was one feature of the Conference, the distinguished men and women who contributed. But even more noticeable was the large amount of agreement found to exist between persons of such different outlook. On large problems there was no serious conflict. It would be dangerous, of course, to extend this agreement too far, and to imagine that the majority of those engaged in industry, whether employers or workers, would subscribe to it. Possibly they would not : there is a long road to travel yet : but it is a great thing that pioneers should have found that road practicable.

In the discussion on Trade Boards, the extent to which they have prospered proves their utility and permanence. When you find a million-and-a-half workers under their

protection it is clear that they are more than a temporary expedient. Upon this, an interesting doubt was voiced by Miss Wilkinson : are they not, in some cases, hindering the formation of Trade Unions ? If a trade, though disorganized, is organizable, does not a Trade Board do more harm than good ? It is well known that this fear is felt by some Trade Unionists, and in fact it was expressed again next day in the debate on Joint Industrial Councils. Do not these, it was suggested, cause a falling away from Trade Unions, just as Trade Boards induce a reluctance to form them? On both questions, the general feeling of the Conference was that neither Industrial Councils nor Trade Boards could, or ought to, replace Trade Unions, and that Trade Boards indeed, so far from preventing organization, gave a wider scope to it.

A point of even greater importance was brought out on the discussion upon joint Industrial Councils : Should their awards be enforced compulsorily ? This was supported to a degree that is surprising to those who know the deep objection felt against compulsory arbitration. Many speakers held that the recalcitrance of a small minority made it impossible to carry out awards, and this rendered these Councils not only useless but ridiculous. Support for compulsion was drawn from the practice of Trade Boards, whose wage awards are enforceable at law. But this analogy is not complete. You can compel payment of wages, for you can sue the employer who does not pay the proper rate : but you can hardly enforce an industrial award, containing complicated terms, upon thousands of men who refuse to observe them. The difficulties are too obvious to need elaboration. Indeed the position was well summed up by Mr. Kelly, M.P., chairman of this section of the Conference. There is an alternative to compulsion, and that is complete organization of both sides of industry. Thereby you make your award enforceable, which it must be, or the Industrial Councils will die.

The discussion on industrial arbitration and conciliation revealed practical unanimity. Mr. Hichens for

the employers and Mr. Pugh for the Trade Unions presented remedies nearly identical. Complete disclosure by employers of profit and loss and business conditions, a recognized standard of what constituted ability to pay, frequent meetings between the two sides to discuss economic and industrial problems, and the suggestion by Mr. Pugh of an economic council representing organizations of employers and employed—possibly every speaker would have agreed to every one of these proposals. Let us have full knowledge, let all the facts in industry be made public, and then let there be some recognized mode of applying these facts, and strikes and lock-outs will become relics of a less enlightened past.

On the last day, M. Albert Thomas, surveying the whole world, re-emphasized the demand for knowledge and publicity. How are we to win that industrial peace which shone so clearly in 1918 ? Behind industrial peace lies industrial justice, and the nations of this world if they want peace, must adopt recognized principles, based on facts, and adapted in their application to the diverse conditions of race and geography. Mr. Citrine told the Conference that workers, though deeply suspicious of our industrial system, were ready to listen to honest proposals of change. You can do nothing unless you win their confidence, and this you can only do by full and frank disclosure. And so, at the end, the Conference was once more brought back to publicity.

All who attended the meetings came away hopeful. Perhaps they were not all so optimistic as Mr. Hichens, who saw as in vision a five years' truce, during which all troubles could be discussed and overcome. But assuredly the debates showed that those who knew most were the most sanguine. And that means a great deal.

It need not be said, therefore, that the Conference was a success. Special thanks are due to Sir William Beveridge, who allowed the use of the theatre of the School of Economics, free of charge ; and to Miss Constance Smith, who presided over the Organizing Committee.

J. W. HILLS.

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# FIRST SESSION

## SYSTEMS OF FIXING MINIMUM WAGES—THE TRADE BOARDS SYSTEMS

The Conference opened at 10.15 a.m. on Tuesday, February 1st, 1927, at the London School of Economics, the subject under discussion being Systems of Fixing Minimum Wages—The Trade Boards Systems.

Miss Constance Smith, O.B.E., Chairman of the Organizing Committee of the Conference, was in the Chair.

## *ADDRESS OF WELCOME*

Sir William Beveridge, K.C.B., Director of the London School of Economics, in welcoming the Conference delegates, said :

I have been asked formally to welcome this Conference to the School of Economics, and I do so with the greatest possible pleasure. It always seems to me eminently right and sensible that the League of Nations Union should organize discussions such as this, and such as they had last year on Unemployment—that is, discussions which are not concerned solely with questions of international machinery. For though it is interesting and important to discuss international machinery—or, what is the same thing, the methods by which nations shall try to settle their differences, if there are differences—and to discuss whether it is better to proceed by this form of conference, or that form of conference, after a time you get to an end, and if you really want to promote international understanding the most profitable way is to discuss some topic in which all nations are interested. Unemployment, unfortunately, is one of those, as is Industrial Relations, and the sort of topic we are now about to discuss is certainly another.

With the precise object of this morning's meeting, the Trade Boards and the fixing of minimum wages, I myself at one time had a very small acquaintance. When I was in the Board of Trade in 1908 I think I saw the first draft of the Trade Boards Bill, and had the chance of making a few comments upon it ; and some years later, for three months of a curious interval of the war, I was in charge of Trade Boards. Fortunately that came to an end very quickly, and I had no time to do any particular harm to the Trade Board system, or any particular good.

But apart from the particular topic of this morning's discussion, it clearly is of the first importance at the present time to discuss the question of industrial peace and industrial conciliation ; it is important not merely to secure a right distribution of all the wealth that is produced in the various countries of the world, but to secure the highest possible production consistent with maintaining the health of the workers.

The other day I was at a meeting where one of the speakers was discussing this question of industrial peace. He rather took the line that the important thing to discuss or to settle in this country, as in other countries, was still the right distribution of wealth, and not the production of wealth. He emphasized the fact that in the nineteenth century we had been continually increasing our production, and that that had not settled our troubles : we still had the problem of fair distribution with which to deal. I ventured to say that I thought he was a little out of date ; that up to the end of the nineteenth century in this country the question of distribution was more important than the question of production, but owing to changes it was certain that the question of increasing production had again come very much to the forefront. It has come to the forefront because the rate at which we are able to increase our production per head, and thus raise the level of material wealth per head over the whole country—a rate of increase which was rising too rapidly towards the end of the nineteenth century—has since fallen off so considerably as to set us a problem. And the problem is this, if we wish to go on and to become richer

and richer, how are we to keep our productivity up to the maximum ?

Unless you can satisfy all parties that they are getting a fair share of the total profit, you will not get the greatest possible profit. From that point of view the series of problems you are concerned with in this Minimum Wage Conference, that is Industrial Councils, Conciliation and Arbitration, and Industrial Relations generally, is of the first importance.

I think perhaps that I am already tending to go a little beyond my immediate subject, and so I will conclude by saying that it seems to me—as it must seem to everybody who examines this question—that it really is of great importance to get this problem of industrial relations thoroughly thrashed out in the light of the experience both of this country and of other countries.

I am very glad indeed that the League of Nations Union should have invited the Conference to meet here and should have secured such an admirable series of speakers on the different subjects, and I am very glad indeed that the School of Economics should be in a position to offer hospitality to the Conference. I am always very grateful to those who, by giving money or thought, have made it possible for this particular building in this exceedingly central part of London to be built, and to be dedicated for ever to the study of economic problems. I am all the more grateful that we who are for the moment in charge of the School should be enabled, through what they have done, to be hospitable and to give opportunities for conferences such as this. It is with the greatest possible pleasure that I welcome you here. I hope you will all find great benefit to yourselves from the discussions. I am sure it will not be the fault of the many speakers if you do not do so.

## *THE CHAIRMAN'S ADDRESS*

Miss Constance Smith, O.B.E., said: I have to announce that one speaker this morning will be replaced by another. Among the very first invitations was one

addressed to Mr. James Mallon. In any place where Trade Boards are discussed Mr. Mallon's presence and speech is, if it can possibly be secured, essential. At that time it seemed impossible for Mr. Mallon to be with us. He expected to be out of the country and was obliged to decline our invitation. Now at the last moment we learn that he can be here, and in order that he may be able to take part in this morning's session, Miss Gertrude Tuckwell has voluntarily retired and has given her place on the programme to him. It is a great disappointment that we shall not hear Miss Tuckwell. Her name, with that of her uncle, Sir Charles Dilke, will be always associated with the institution of Trade Boards in this country and the fixing of minimum rates for some of our poorest workers.

Sir William Beveridge has pointed out the value of such conferences as these. The conference that we are now attending is the fourth which the League of Nations Union has organized in connection with the work of the International Labour Organization; and I want rather to stress that note, for it is in connection with the work of the International Labour Organization that the conference has been called this year as in previous years. The conference will be none the less interesting and instructive for ourselves if at the back of our minds we have, while we speak and discuss and criticize and propose, the consciousness that we are acting not only in relation to our own affairs but in relation to the affairs of all industrial countries. One occasionally hears talk and reads articles which attribute a set policy to the International Labour Office. Now the International Labour Office is not out, as a body, to formulate policy. What the International Labour Office does is to gather information from all the industrial countries which are Member States of the International Labour Organization, to co-ordinate that information, to see in what direction it tends, and then to place it in an ordered manner and with such pointers as may help to clear thinking and swift decision before the Annual Meetings of the International Labour Conference.

In order that the International Labour Conference may function well and fruitfully, it must have clear indication from the Member nations of what their action has been on the subjects which it considers, and what their policy is going to be in the future. The International Labour Organization itself, let alone the International Labour Office, cannot, as an Organization, have a policy other than that which is the joint policy of the nations it represents. It is that thinking, that intention, that policy gathered up from each nation, fused and directed at Geneva, which may bring about in the industrial world and has already brought about great industrial and economic results, and even—because industrial and economic factors are political in their effects—considerable political results as well.

Therefore we here have a responsibility—and that is why the organizing committee of the Conference have endeavoured to choose their speakers on each of the given subjects from all sides—we have a great responsibility, even in our discussions, for it is important that we give clear and correct information as to what Great Britain thinks and does on the subjects under review. The effect will be immediate and practical, because the International Labour Conference is going to consider in June some of the very questions which we in our preliminary conference are considering to-day. It is therefore our duty, and I am sure it will be our interest and our pleasure to make as valuable a contribution as we can towards the very heavy and laborious and responsible work of the International Labour Office in preparing for that Conference.

As regards the subject of this morning, the part of Great Britain is peculiarly important. We shall have with us in the afternoon certain speakers from foreign countries, who will be able to tell us of the systems of fixing minimum wages in those countries, but none of those countries have gone so far in their system of fixing minimum wages as we in Great Britain with our system of Trade Boards, now established for forty-six different industries. In foreign countries, in France and in Germany,

the factor of home work is of much greater importance in industry than it is with us, and it is along that line of least resistance that France and Germany have gone in fixing minimum wages. But in this country it was seen, if not from the first, yet as soon as we came to study the question closely, that there could be no real and effective system of fixing minimum wages by means of Trade Boards unless our factory workers were included along with our home workers. We have also a speaker from the International Labour Organization, who will discuss the minimum wage system from a more general point of view. I regret particularly that we have not, as we hoped to have, a speaker from the United States of America, who could have reported on the interesting experiments in voluntary Wages Boards which are proceeding in that country. But even as it is, I think we shall get a great deal of information in the course of this Conference, and I hope that when it closes we shall be in a position to present to the International Labour Organization a really sound and valuable contribution towards their work.

## THE HISTORICAL ASPECT OF THE SUBJECT

### *MR. R. H. TAWNEY'S SPEECH*

MR. R. H. TAWNEY said :

It is a pleasure to address a Conference organized by the League of Nations Union. And it is doubly pleasant to do so on a subject which, in my judgment, represents, with the solitary exception of the extension of public education, the most successful piece of social legislation of the last quarter of a century, in an institution founded by one who has done more than any other individual to convert public opinion in England to the legal enactment of minimum standards of life and employment.

The conversion has, indeed, been so complete, that the magnitude of the change which it involved is often forgotten, and in these introductory remarks, which I have been asked to confine to the historical aspect

of the subject, I cannot do more than indicate the main stages in the movement which has produced it. The obligation of the State to intervene in order to prescribe minimum rates of payment, as much as minimum conditions of sanitation and safety is now, in theory at least, generally accepted. Criticism is directed, not against the policy but against its detailed applications. Even the Cave Committee of 1922, which certainly had no bias in favour of legislative interference with industry, pronounced a cautious encomium on the principle of Trade Boards, which made their specific recommendations the more surprising. Nor, in spite of a campaign in the Press, did the Government venture to carry their proposals into law, though it interposed administrative obstacles to the extension of the system.

In reality, however, the silent abandonment of the doctrine, held for three generations with an almost religious intensity, that wages should be settled, as it was said, by free competition, and by free competition alone, is one of the most remarkable changes in economic opinion which has taken place in the last hundred years. It is a classical example of the surprising ability of Englishmen to swallow their favourite dogmas without more than a passing pang of indigestion, and the historian of the future, who points to the Ten Hours Act of 1847 as a watershed in the social history of the first half of the nineteenth century, will find in the second a not less critical turning-point in the rise of the forces which ultimately produced the Trade Boards Act of 1909. The weight of ignorance and prejudice, as well as of reasoned opposition, to be overcome was enormous, especially in England, where the conception that, whatever other forms of State intervention might be tolerated, the wage contract was the ark of the covenant, had grown up with large scale industry and seemed inextricably intertwined with it. The long debate, which was carried on between 1790 and 1820, between journeymen who demanded protection and politicians who regarded it as an economic heresy, had ended in the unqualified triumph of the principle of freedom of

contract. The wage clauses of the Statute of Artificers were repealed in 1813, and, with the repeal of the Spitalfields Acts, under which the wages of silk weavers in London and Middlesex had been fixed by the Justices, the last remnants of the wage regulation of the old régime were swept away. Their abolition took place in the teeth of the commendations of a Parliamentary Committee, which, after an elaborate enquiry, reported strongly, in 1819, in favour of maintaining them ; of the evidence, not only of the journeyman, but of nineteen out of the twenty-five employers who were examined by it, and of protests from tradesmen in East London, who argued that if the legal assessment of wages were abolished, the poor rates would rise. But Huskisson was determined on repeal, as part of his policy of freeing industry, and after a debate in which he was supported by Hume and Ricardo, who poured scorn on the idea that wages should be settled by anything except, as the latter said, " the number of labourers compared with the demand," the Acts were finally abolished in 1824.

The early nineteenth century had a short historical memory, and the fact that within a recent period Parliament had supported a system of fixing wages by law dropped out of the public memory as completely as did, in another sphere, the open-field village : even Mill, whose chapter on " Popular Remedies for Low Wages " dismissed the possibility of a minimum wage as certain to produce a growth of population which would sweep it away, did not trouble to investigate the practical operation of a policy which had been in force less than a quarter of a century before his *Principles* appeared. For about sixty years, the only persons, as far as I know, to suggest that the State should intervene to fix minimum rates of payment, were John Fielden of Todmorden, who in 1833, laid a draft bill for determining minimum rates for handloom weavers in the cotton industry before one of the innumerable committees which investigated the conditions of that unfortunate class, and John Ruskin in a famous passage in the articles which were afterwards published under the title of *Unto this Last.*

Fielden's bill was laid on one side, as contrary to the true principles of political economy, and Ruskin was asked by the editor of the *Cornhill* to discontinue his articles, on account of the pain and indignation which they excited among his readers.

This attitude, based on a mixture of crude economic theory, naif political individualism, and the optimism of ignorance, survived almost unaltered down to 1890. No English economist, as far as I am aware, discussed before that date the possibility of a legal minimum wage ; in none of the numerous papers on wages read at the Industrial Remuneration Conference on 1885 was the subject mentioned ; and when, even twenty years later, as a young man just down from the University, I was rash enough to ask one of the best known social experts of the day whether one way of remedying the evils of low wages might not be to raise them, I was told that each man was paid what he was worth, and that what mattered was, not the amount of wages he received, but the manner in which he spent them.

But by that time the traditional outlook had for some time been changing. The first sign that the opposition to the interference of the State in the wage contract was beginning to crumble was so minute that it almost escaped attention. It was the adoption, as a result of the growing power of trade unionism, of the policy of inserting a Fair Wages clause in public contracts, which began in England under the London School Board in the seventies, and in France in the municipality of Paris in 1887. In both countries Governments were at first bitterly hostile to the new departure. In Paris it was vetoed by the Prefect of the Seine, acting under the instructions of the Ministry of the Interior. In England, when, in 1888, as the result of a particularly scandalous case of cutting rates on a contract to repair the House of Commons, a deputation from the London Building Trades laid a demand for the payment of standard rates by all contractors doing Government work before the First Commissioner of Works, that potentate replied, in language that might have been

drafted by his department sixty years before, that "it is of the essence of the system of contract that the contractor should be free to use his own discretion as to the means to be employed for executing his contract, and the First Commissioner is not prepared to introduce so serious an infringement of the principle of contract as would be involved in an attempt to dictate to the contractor the terms on which he should engage the labour he employs." Twelve months later, the Cradley Heath chainmakers, who had found their way unaided, as a result of bitter experience, to the policy of the future, laid before the Lords' Committee on Sweating a proposal that a Board should be established with legal power to fix minimum rates, only to see it rejected by the peers as too ridiculous to deserve serious consideration.

The chainmakers were still to endure twenty years of suffering, which we now know to have been largely unnecessary, before they were included in the Trade Boards Act of 1909. Already, however, the tide was beginning to turn. The Fair Wages Clause in Public Contracts, which had been one of the few positive proposals in the singularly inept Report of the Lords' Committee, received in February, 1891, its first authoritative endorsement in a Resolution in the House of Commons. The policy had been attacked in a debate in the House of Lords by Lord Wemyss on the ground that it "means, in the end, a wages court, like the land court in Ireland . . . the State is . . . to fix the rate of wages"; and, though Lord Wemyss was a bad economist, he was a good prophet. For, in the next twenty years, the movement for minimum wage legislation came in with a flood. It began in Australia, with the shock to complacency which followed the great strike of 1890, the revelation of the factories inspectors' reports that the new world was not immune from the economic evils of the old, and the establishment of the first wage boards in Victoria under the Act of 1896. The effect on English public opinion, which believes nothing practicable until it has been accomplished, was immense. In 1898 the first minimum wage-bill for sixty years was laid before

Parliament by Sir Charles Dilke, who had discussed the Australian experience with Sir Alfred Deakin, and was reintroduced annually during the next decade. Then, after an agitation in the country which culminated in the Sweated Industries Exhibition of 1906 and the formation of the Anti-Sweating League, the somewhat inconclusive investigation conducted by Mr. Aves, on behalf of the Home Office, into the Australian system, and the Select Committee on Home-work of 1908, came the first Trade Boards Act of 1909, followed, within three years, by the Miners' Minimum Wage Act of 1912, and the beginnings of minimum wage legislation in the United States with the non-mandatory Act passed by Massachusetts in 1912.

The position in August, 1914, was that in Great Britain and Ireland, apart from the miners' wage boards, there existed thirteen Trade Boards, covering half a million workers in eight industries, while in the United States minimum wage Acts have been passed in nine States. The next four years saw not only an enormous temporary extension of the State regulations of wages under the Munitions Act and similar devices, upon which I must not enter, but also the passage of minimum wage laws of one kind or another in France, Norway, Austria, Czecho-Slovakia and Germany, recommendations for a wide extension of the British system both by a sub-committee of the Cabinet Reconstruction Committee in 1917 and by the Committee on the Relations of Employers and Employed, presided over by Mr. Whitley, and the passage of the second Trade Boards Act in August, 1918. Minimum Wage legislation varies enormously in seriousness and efficiency from country to country : in some its administration is efficient, though in none as efficient as it should be. In others all that appears to be intended is a pious affirmation of humanitarian principles. For this reason figures as to the Acts which have been passed are misleading, unless accompanied by evidence as to the extent to which they are carried out. With that warning it may be said that at the present moment one type or another of minimum wage legislation is in force in six States in Europe, in Australia and Canada,

and in some seventeen States of the American Union. It is probable that to-day some four million workers in Great Britain, including agricultural workers, but excluding the miners, whose Minimum Wage Act is virtually a dead letter, work under rules which prescribe a legally enforceable minimum rate of payment.

The change of opinion represented by this development is impressive. One who remembers the innumerable arguments advanced before 1909 to demonstrate that it was impracticable to fix minimum rates, that, if fixed, it was impracticable to enforce them, and that, if they could be enforced, the result would be a disaster to employers, workers, and British industry as a whole, may be pardoned if he is tempted to reflect on the vanity of theories, and the uncertainty of economic certitudes. When one looks back over the ground which has been travelled, the high landmarks which emerge are the growth of trade unionism, and, in particular, its extension among women workers, the rise of a school of realistic investigators into economic and social problems and the modification of traditional theories of wages by the pressure of a stream of facts, and the conversion of the public and Parliament to a new conception of the scope and province of State action. It is proper that we should pay to-day our tribute of gratitude to the pioneers who carried to victory what was thirty years ago an unpopular cause ; to the Women's Trade Union League, Miss Mary Macarthur, Miss Gertrude Tuckwell and Miss Constance Smith ; to Mr. and Mrs. Sidney Webb, whose *Industrial Democracy* converted the legal minimum wage from an heresy into something like an axiom ; to Sir Charles Dilke, who more than any other person prepared the way for the political triumph of 1909 ; to the work of the Women's Industrial Council and of the Anti-Sweating League, the influence of whose secretary, Mr. J. J. Mallon, both in creating an opinion in favour of legislation and in making the success of the Trade Boards when established cannot easily be over-estimated. But there are many in the audience to whom the recent history of the movement is familiar, and I must not encroach

upon the province of other speakers by discussing the practical effect of the Trade Boards on wages, working conditions and industrial organization. Instead, therefore, of touching on those aspects of the subject, let me conclude by summarizing shortly some of what appear to me to be the main conclusions suggested by the experience obtained hitherto.

In the first place, there has been a significant change in the conception of the problem. The history of factory legislation, as everyone is aware, has been that of a piecemeal extension of a system of regulation designed in the first place to cope with exceptional evils or to protect workers who were thought peculiarly defenceless—first, pauper apprentices in cotton mills, then children and young persons in the textile industries, then children, young persons and women, then the same classes in other industries—and only when the process had gone on for over half a century was it recognized that factory legislation was not an exceptional expedient, but an indispensable and normal concomitant of large scale industry, in the absence of which it degenerates in type. The history of minimum wage legislation has been the same. When the evils compendiously described as "sweating" first attracted attention in the eighties, they were commonly thought to be the product of some specific and unusual relationship between employees and employer, or to be confined to some particular class of workers, or to be characteristic of work done under some special and abnormal conditions. The Lords' Committee on Sweating identified them with sub-contract. The Select Committee on Home-work, which prepared the way for the Act of 1909, was disposed, as its reference suggests, to regard the problem as peculiar to work done off the employer's premises, mainly by women. The French Act of 1915, which is limited to women home-workers, and some American legislation, are inspired by the same idea. Even the Cave Committee of 1922 was still hypnotized by a different version of the same preconception as to the existence of a sharp line between conditions in which protection is necessary, and conditions in which

(as is supposed) it is not, and recommended, therefore, that the only rates to be fixed and enforced by the State should be " the lowest wage which should be paid to the ordinary worker of the lowest grade of skill employed in the trade."

This attempt to confine minimum wage legislation, on *a priori* grounds, to some special class of work or workers, like the corresponding attempt in the case of factory legislation, is easily intelligible, for it has the attraction of limiting the problem. But, in fact, the assumptions on which it rests are not tenable. No one, I venture to say, who has investigated industrial conditions at first hand will accept the sharp division between workers who need protection and workers who do not, on which it reposes. The Trade Boards Act of 1918 took a long step away from it, by throwing over the provision that Boards should be established only in those trades where wages are " exceptionally low." The Agricultural Wages (Regulations) Act of 1924 took a longer one. In reality, the problem is not merely to end gross and exceptional evils, but to prescribe minimum standards as the condition of economic health and efficiency. A minimum wage is not a tonic for an ailing patient. It is a regimen which is essential to all industries which would lead a robust and vigorous life. Whether it should be fixed by a Trade Board and enforced by legal penalties, or fixed by a Union and enforced by a strike, is a question of practical expediency, to be decided empirically in each particular case.

The second conclusion suggested by experience relates to the machinery for determining minimum rates. Apart from the indirect pressure of the Fair Wages clause, at least three different methods are employed to-day in different countries to fix minimum rates. They are that of direct enactment, of the industrial court, and of the Trade Board or Wages Board. Whatever may be said for the first two methods elsewhere, I can not doubt that the success of a minimum wage policy in England has been largely due to the adoption of the third. When thirty years ago, an employer or an economist was confronted by the suggestion that the State should fix

a minimum wage, the image which floated before his horrified eyes was that of well-meaning, but technically ignorant, officials thrusting an iron rod into the delicate mechanism of industry. The invention of the Trade Board has laid that spectre. As far as my own small experience goes, each trade virtually regulates itself, subject to cautious criticism by the chairman and appointed members. Not the least of the advantages of the system, indeed, is that, by encouraging organization among both employers and employed, it promotes the growth of a corporate conscience and industrial morale. Most important of all, it creates a genuine, though rudimentary organ of industrial self-government on which additional functions can, in time, be devolved.

The third fact which must strike any student of the history of the movement is the contrast between the anticipations of the economic effects of minimum wage legislation common thirty years ago and the conclusions suggested by the experience of the seventeen years which have elapsed since the passage of the first Trades Boards Act. When I was invited to read this paper, I turned up an article by a well-known economist in the Economic Journal for 1907, and a pamphlet of 1909, issued by the Women's Industrial Council, in which the case for and against a legal minimum wage was set out. To one who has watched the system at work, the arguments in each seem curiously remote from reality. The subject is too large for me to discuss here, and I must refer my audience to the study by an American investigator, Miss Sells. I will only say that the expectations formed as to the effect of a legal minimum wage on costs, prices and employment, have rarely, as far as I can judge, been fulfilled. To paraphrase a famous remark of Bacon, the subtlety of human nature—in particular that of employers and workmen—greatly exceeds the subtlety of the human mind—in particular that of economists—and, given time for readjustment, industry has shown a surprising capacity to meet an increased wage bill by an improvement of processes, machinery and organization. This suggestion is not

at all the product of theory. I began by feeling considerable scepticism as to the " economy of high wages ", which did not disappear till, after reading some hundreds of objections to rates proposed by Trade Boards in the early days of the Act, I subsequently visited a considerable number of firms which had lodged them, and was informed by the employers concerned of the methods by which the increased wage-bill had been met. The experience of other investigators, as the Report of the Cave Committee and the book of Miss Sells both show, has been the same. Again and again it has been proved that an increase of rates does not necessarily, or even probably, involve an increase of costs. If this fact, the single most important lesson of experience, were more generally appreciated, a good many industrial problems would assume a different complexion ; and the opposition to the extension of the Trade Board system would be considerably weakened.

The fourth conclusion suggested by experience is that on the whole, the refusal to prescribe by law a definite standard upon which minimum rates must be based has been a wise one. The empiricism of the British method has its disadvantages. But, compared with proposals which would require the rates to be such as to yield forthwith a wage based on the cost of living, it has the merit of making possible progressive advances as the trade is capable of bearing them. I do not think, therefore, that the history of the movement confirms the suggestion sometimes advanced that it would have been wise to fix a lower limit, and conversely I do not agree with the view of the Cave Committee that a minimum which approaches a standard rate is improper, or that " to enforce it by a criminal prosecution " is, as they said, " an oppressive use of the power of the State ". On the contrary, the attempt to draw an absolute distinction between a minimum rate and a standard rate (which is itself a minimum) seems to me highly artificial. In practice, as far as I can judge, both arguments as to the cost of living, and arguments as to what the trade will bear, are adduced when a variation of rates is under

discussion, and the latter consideration appears to me as relevant as the former. I have always regretted that a strongly organized body of workers, like the miners, allowed the legal protection afforded by the Act of 1912 to fall into abeyance, and I think it is questionable whether it may not in the future be found on occasion desirable in England, as appears to be the practice of Australia, to place a legal sanction behind the rates even in some strongly organized industries.

But these are speculations outside my province. So far as concerns the history of the movement, which now covers, it must be remembered, a period both of abnormal boom and of abnormal depression, its pioneers have been justified by the results of their labours. It is still in the early stages, and the problems which await solution are numerous and important. Is the present relation between the Trade Boards and the Ministry of Labour that most conducive to efficiency? Ought not the inspectorate, which, according to the latest work on the subject, was in 1924 large enough to visit each firm once in thirty-three years, and is now large enough to do so once in twelve or thirteen, to be considerably increased? Should the powers of the Boards be enlarged to include some matters now outside their scope? Is there not a possibility that even in industries reputed to be strongly organized a good many difficulties would be met by the establishment of a legal minimum? What is to be the relation of the legal minimum wage to proposals now advanced for the maintenance of dependents from sources other than wages? But these and other questions relating to the future I must leave to subsequent speakers.

## *MR. J. S. NICHOLSON'S SPEECH*

### *Preliminary*

MR. J. S. NICHOLSON (Assistant Secretary, Ministry of Labour) said:

The Trade Boards system, comprising forty-four Boards covering one and a quarter million workers engaged in thirty-nine trades, already has a history of

sixteen years, which includes the very difficult post-War period. It is a noteworthy fact that Trade Boards have been set up in forty trades, and that in no case has a Trade Board reached the point of establishing statutory minimum rates and subsequently ceased to function. In only one case has a Board once formed been dissolved. That is, I think, mainly attributable to three or four leading features of the British Trade Board system which I shall try to describe.

In the first place rates are fixed by an *ad hoc* authority set up separately for each trade, and not by some outside authority, judicial or otherwise. Within the very wide limits of the statutory powers conferred on them by the legislation of 1909 and 1918, each trade has been left free to work out its own salvation through its own statutory body. I will not weary you with a technical statement of the Powers exercised by Trade Boards. Suffice it to say that whilst a Board must fix a minimum time rate, they may fix minimum rates of practically every kind recognized in industry, including overtime rates, and that any of these rates may be fixed so as to apply universally to the trade, or to particular classes, or particular areas. The point I should like to make here is simply this. Almost any attempt to classify the Determinations of the Trade Boards according to the way in which they have used their rate-fixing powers, breaks down because each Board has gone its own way in the light of its own special circumstances and conditions. There is, I think, no doubt that the elasticity which comes from Home Rule in this matter has been a material factor in bringing the Boards through the critical period of the last few years. At any rate, it is clear from the diversity of their Determinations, that the wide discretion given by Parliament in regard to rates has been valuable.

### *How Trade Boards are constituted*

Obviously the trades which require the machinery of Trade Boards will be those which are least organised. It is safe to say that less than one-fifth of the workers and less than one-half of the employers belong

to any organisation. All that the Acts say with regard to the constitution of the Boards is that they shall consist of members representing employers and workers in equal proportions and of appointed members, and that if the trade is one in which home workers are employed, they must be given representation. Where women are largely employed, one of the appointed members must be a woman. Subject to these provisions and to the provision that the number of appointed members must be less than one half the total number of representative members, the constitution (and also the proceedings) are governed by Regulations made separately for each Board, although in the main following the same general lines. In practice the number of appointed members is three in the case of all Trade Boards, two men and a woman, except in one case (Boot and Shoe Repairing), in which the trade employs substantially no women. One of the appointed members acts as Chairman. Putting aside for the moment the delicate and important functions of the appointed members as a balancing and neutral element, it will be clear that a Trade Board will legislate wisely in accordance with the success attained in securing employers and workers' sides which really represent the trade.

The Regulations, in the case of all Trade Boards, place the selection of representative members in the hands of the Minister, but require him before making appointments to consider names submitted respectively by employers and workers in the trade. In practice what happens is this. When a Trade Board has to be set up or reconstituted, the general lay-out of the trade is examined: its number, its geographical distribution and the various branches, interests and classes of employers and workers. An ideal allocation of seats is then drawn up providing representation for :

(*a*) each district section or branch ;
(*b*) all the main classes and grades of employers and workers ;
(*c*) the principal centres in which the trade is carried on.

Nominations on this basis are then called for from the organizations on each side. In so far as it is possible in this way to obtain candidates possessing the qualifications desired, it is the practice to appoint them. In so far as candidates with the necessary qualifications cannot be obtained in this way, it is the practice to obtain names of qualified persons by direct enquiries in the trade by a special staff of investigators. So a side is built up. On the one hand even in the least organized trade the Organizations on either side are able to provide the Board with leader and spokesmen. On the other hand, the method of direct selection is frequently necessary to equip the Board with the necessary knowledge and experience of technical processes, and to ensure the direct representation of particular branches and interests.

### *Procedure of Trade Boards*

It is laid down in the Acts that in order to constitute a meeting of a Trade Board, at least one-third of the whole number of representative members and at least one appointed member must be present. By reason of this provision, it is not possible for one side of the Trade Board to stay proceedings with which they may not agree simply by not attending. That is to say the constitutional course left by Parliament to minorities on Trade Boards is the course of argument and persuasion at the meetings of the Board.

Secondly, the Regulations governing the proceedings of all the Boards except two prescribe the following method of voting. Each member has one vote, but if at any meeting the representatives of employers and workers are present in unequal numbers the side in the majority may preserve equality of voting by arranging for a sufficient number of its members not to vote. Failing such an arrangement, the Chairman is given authority—in practice it is hardly ever necessary to exercise it—to postpone the vote to a subsequent meeting. In the case of two Boards, the Regulations provide for the Chairman taking the vote of each side separately if he is called upon to do so by a majority of either side present.

The three appointed members each cast a single vote like all other members. They provide a neutral and balancing factor, and their presence prevents the possibility of deadlock. They cannot, however, determine anything without the support of one side or the other, and their function is to bring the two sides together if they can, to bring out all the facts, and only in the last resort to decide the issue by each casting their votes in accordance with what seems to each of them the weight of evidence.

When the Board has met and both sides have developed their arguments and defined the points of difference, one side may ask for, or the Chairman may very likely suggest a short adjournment to enable each side to consider their position. It may be that informal interviews will follow between representatives of either side, and that a bargain will be struck, possibly as the result of suggestions made by the Chairman and the other appointed members after interviews or a series of interviews with each side separately. Should it not be possible in this way to bring the two sides together, it may be that the appointed members will feel that the weight of argument on either side is about balanced. In these circumstances they will refrain from voting, with the result that the motion will not be carried. Or, on the other hand, they may feel that one side or the other have made concessions which represent a reasonable compromise which deserves the support of their votes. In this case the compromise will be carried, although of course it may be that the appointed members if they had been in the position of judges, instead of merely one party in a three-sided assembly, would have reached a different decision. In that case the verdict, whatever its abstract merits, would not have been a verdict acceptable to either of the representative sides. The special feature of the Trade Board system is that the decision reached must be at any rate acceptable to the majority.

### *Notice of Proposal*

The Board, having reached their decision, will instruct the Secretary to embody it in a formal Notice of

Proposal. The issue of this Notice is advertised in the Official Gazette and a copy is sent to every employer engaged in the trade, whose name is known to the Trade Board. At least two months must then be allowed for objections. The Proposal will also be examined at this stage in the Ministry of Labour in order that any points of detail which it may be desirable to put to the Board before it comes up again at the final or fixing stage, may be put immediately. The Minister, however, does not at this stage reach any decision upon the question of confirming the Proposal should it be adopted and submitted to him by the Board.

### *Fixing*

When the period of two months allowed for objections has expired, the Proposal comes before the Board again, together with any objections, of which a full precis will have been circulated to all the members. A Trade Board cannot fix any rates, unless they have been proposed and notified in accordance with statutory requirements. Subject to the possibility of small drafting alterations, the Board must either fix the rates as proposed, or withdraw the proposal and start the process afresh with an amended Notice of Proposal.

### *Confirmation*

If the Board fixes the rates, their determination then comes before the Minister for confirmation by a formal Statutory Order. The Minister must either confirm or refer back to the Board for reconsideration, and he is required by the Statue to reach a decision in normal cases within one month. It will be realized that the duty thus placed upon the Minister is a matter of some delicacy. On the one hand he is, of course, responsible to Parliament for the way in which he uses his discretion. Confirmation is therefore far more than a mere formality. On the other hand, he has no power to amend the Determinations submitted to him—the whole responsibility for fixing rates is placed definitely on the Trade

Board. Before he can confirm, the Minister must be satisfied about three points. It must be clear that the Determination is technically in order and within the statutory powers of the Board, that the Board have given full and fair consideration to the views of minorities, and that they are not moving too fast or too far. I should add that during the last three years, out of forty-three Determinations submitted for confirmation the Minister has referred back only two for further consideration.

When confirmed, a notice of the rates fixed is sent to every employer, who is required under penalty to keep it posted up for the information of his workpeople.

In order to complete this very summary account of Trade Boards in this country, I think you would wish me to say something about the way in which the minimum rates are administered. The Acts themselves beyond giving power to appoint staff and provide funds (for the expenditure of which the Minister is of course answerable to Parliament) give no express directions. At different times different plans have been adopted, but with the large increase in the number of Boards, many impinging on each other, it clearly became necessary that this part of the work should fall to a central co-ordinating authority, and this authority must necessarily be that of the Minister. In addition to the Office of Trade Boards, therefore, where the Boards meet and their secretarial staff is housed, the Trade Boards division of the Ministry has an administrative side to handle general questions and to supply answers, after consultation with the Trade Board concerned, to questions which arise regarding the scope and interpretation of the Orders and Determinations. It has also an executive side for the actual work of enforcement. For this latter purpose there is a body of sixty inspectors centred upon seven Divisional Offices, with a central staff at headquarters, under a Chief Inspector. With this staff it is possible each year to inspect some eight per cent. of the 147,000 establishments subject to Trade Board jurisdiction. In the calendar year just ended this staff inspected 11,392 establishments employing some 111,000

workpeople entitled to Trade Board rates. In the case of 2,548 establishments some arrears of wages were claimed, the total being about £40,000 in respect of some 6,600 workers. 3,400, or just over half of the total number of workers found to be underpaid, were in receipt of 90 per cent. or more of the minimum rate. Seventy cases were brought before the Courts upon charges of evasion of duties under the Acts.

## *MR. J. J. MALLON'S SPEECH*

MR. J. J. MALLON said :

Mr. Tawney has described the conditions from which Trade Boards arose, and Mr. Nicholson has described the Trade Boards. It is my business to consider whether the Trade Boards have justified their existence. I admit that I am not perhaps an impartial witness (Laughter). The official frigidity of Mr. Nicholson is not for me. I am confessedly partisan, a condition which may be excused because I have been on a great number of boards, and I have seen them bring about changes not only gradually but sometimes vividly and dramatically.

From a meeting of the shirt-making Trade Board in Ireland I went to Londonderry, where the fixing of a minimum rate of wages was celebrated by lighting fires in the streets.

I remember Cradley Heath, and the moving drama of the fixing of rates of wages for the women chain-makers in that area.

I remember, too, at the end of the war, what happened in the town of Bridport, where male rope-workers received an advance of 20s., and female rope-workers an advance of 10s. per week.

Some of those who will follow me may say, " That is all very well but we do not want an impressionist picture ; we want a broad representation of facts." I think that is a perfectly reasonable demand, and as far as possible I will comply with it.

In estimating what the Trade Boards have done, there

are obviously two bases of comparison. We may take the trades which are under Trade Boards and compare their present condition with their condition before Trade Boards were set up. Again, we can compare trades, though the comparisons may be misleading, which are under Trade Board government with other similar trades which are not so governed. In making the first comparison it is necessary to refer to the census of wages and hours which was taken by the Board of Trade in 1906. I think it is true that except in so far as Trade Boards were created there was no substantial or important change as regards hours or rates of wages between 1906, when the Census was taken, and 1914. We may take it broadly that the conditions which existed in those trades in 1906 existed in 1914.

The revelation of that census of wages, hours and conditions is an appalling one. Roughly what the census showed was that in all the trades in which women were employed, a substantial percentage of them earned less than 10s. a week, and that for all the women who were in industry, the average weekly wage would be about 11s.

As regards men, the census showed that one man in four received every week less than 24s. a week. A great many of those trades are now under Trade Board government, and a few figures will indicate the extent to which there has been improvement.

In the brush and broom trade in which 47 per cent. of the women employed received more than 5s. and less than 10s. a week, the minimum rates of wages to-day vary from 27s. to 59s. for women.

In the trade of aerated waters, in which 54.8 per cent. of women received over 5s. and less than 10s. a week, the minimum rate for time workers is 28s., and for piece workers 37s.

Tobacco, perhaps, is not a very typical industry because, as everybody knows, the industry is enjoying an unprecedented prosperity. But whereas in the census of wages, nearly eighty per cent. of women are shown to receive less than 15s. a week, the *minimum* rate for women of eighteen years of age and over to-day is 38s. 6d.

I have not time, unfortunately, to pursue this comparison.

Let me say a word now about the wages of the men. Here it is easy to be led astray. The practice of the various Boards is to fix special rates of wages for those who are employed in particular occupations, and then to fix a general rate which applies to anybody who is not already covered by an occupational rate. It follows, then, that this general rate is very low. It is to be noted, however, that in many trades the general rate applies to few workers or to nobody and can be ignored. If it is ignored, the scheme of rates wears a more pleasing aspect.

In boot and shoe repairing, the minimum rates vary from 60s. to 74s. In the brush and broom trade from 46s. to 59s. In the trade of making coffin furniture, the highest minimum rate is 76s. 11d. These figures will indicate to you the range of rates. A minimum rate of wages for men is seldom as high as £4. For the main groups a figure of about £3 is predominant.

I meet by anticipation the criticism which comes from some who are friendly to the Trade Boards; I mean the criticism of my fellow Trade Unionists. That criticism falls between stools. It is said that minimum rates of wages are too low : they are so low that they are hardly worth obtaining. That is one criticism. The other is that the wages are so high that they discourage men and women from joining Trade Unions. I wish those who criticize the Boards would agree so that we should know precisely what we have to meet. It is hardly an exaggeration to say that it has been my fate more than once to be told that wages were low and that they should be put up, and then to be told that the wages were too high and that it might be better for the Trade Unions if they were reduced.

On this matter, the Trade Unions, I am afraid, have not made up their minds, and I beg of them to do so. When a clearer instruction comes, we who represent workers on these Boards can render a more effective service.

May I illustrate the point to which I am calling

attention. At a meeting of the General Waste Reclamation Board, a letter was read in 1923 from the National Federation of Iron and Steel Manufacturers. This is the purport of it : The Federation viewed with considerable apprehension the effect which the order of the Board fixing minimum rates might have upon the Iron and Steel Industry. The letter continues :

" The Order appears to provide for the payment to men over twenty-one years of age a minimum wage of 48s. per week for work similar to that done in Iron and Steel Works by men who are at present receiving about 35s. per week. . . . It appears to us that the Order is so drawn as to affect large numbers of men whose wages are dealt with by recognized Trade Unions and who for other reasons cannot be considered as coming within the description of Sweated Labour and to whom the Order was obviously never intended to apply and further that as to these men the minimum wage fixed by the Order is altogether out of proportion to the general rate of wages received by men of a similar class in other industries."

Another Association of employers, the London Scrap Iron and Metal Merchants' Association, passed this Resolution :

> This Committee views with alarm the effort of the General Waste Materials Reclamation Trade Board to continue minimum wage rates which are very much higher than those in operation in trades such as Iron and Steel Works, Blast Furnaces, Ship-Building, Paper-making, etc., and demands that the Minister of Labour makes a ruling to the General Waste Materials Reclamation Trade Board to the effect that in no case shall minimum rates be fixed by this Board which shall be higher than the ruling rates for comparative labour in the manufacturing section of Trades relying on the Waste Trades for raw materials.

I mention that—and there is a similar point with regard to the women employed in the trade—to show you that very often difficulty in raising a rate of wages

lies not so much inside as outside a trade. Here are powerful Associations of employers who put pressure on the Minister of Labour in order to impede the Trade Board from fixing rates of wages which to it seem right and appropriate.

Speaking generally, I would say this. The Trade Boards cannot go very far beyond the rates of wages prevailing in the organized trades, but it is arguable that they can do for unorganized workers as much as regards rates of wages as the Trade Unions have done for organized workers.

It is, of course, a matter for consideration whether they should attempt to do so much. But granted that the Unions desire them to do it I think that, in time, it can be done. In comparing the conditions in the trades to which I have referred with the conditions that prevailed before Boards were set up, some matters other than wages should be kept in mind. The Trade Board has no power to fix maximum hours of work, but it has a power which it exercises to prescribe rates of wages for overtime after given hours per day or week have been worked. The exercise of this power has led to a reduction in the hours of work.

Again, before Trade Boards were created, hundreds of thousands of women complained that they were kept waiting for work and it might happen that for this reason a girl would spend several hours in a factory for little or no payment. Now, whether the girl is working or not, if she attends in the factory at the request of her employer, spoken or implied, she is entitled to not less than the minimum rate per hour for every hour she is there. It follows that the employer will not let her waste her time, and that he is forced to improve his organization.

In the trades under discussion there used to be a grievous exploitation and misuse of children. I cannot maintain—I wish I could—that the Trade Boards have completely stopped this wicked practice, but I do claim that under the Boards this practice is much diminished.

I put it to you that in the circumstances in which they had to work the Boards have been very successful. They

have not created a new heaven and a new earth, but they have carried the industrial world upwards, and have given a hint that a progressive and much greater achievement may come about in the not remote future.

## *MISS ELLEN WILKINSON'S SPEECH*

Miss Ellen Wilkinson, M.P., said :

It is my duty this morning to bring a note of criticism into the universal chorus of praise of Trade Boards which you have had up to date. I want to make it perfectly clear, however, that I am not hostile to the principle of Trade Boards, and that though I am speaking as a Trade Union official—which to me is infinitely more important than being a Member of Parliament—I am not speaking for the Trade Union movement as a whole. As Mr. Mallon has said, there is a considerable difference of opinion among Trade Unions about Trade Boards, and I am rather therefore speaking from the point of view of a practical Trade Union organizer. I want to raise some of the difficulties that my colleagues and myself have encountered in connection with the Trade Board movement.

Those of us who know Mr. Mallon best admire his dexterity, especially as a player of that ancient game of skittles, and Mr. Mallon has given us a delightful exhibition of his art in placing skittles of his own making before us and proceeding with great dexterity to knock them down.

Those of us who take the critical view of Trade Boards do so not because we think that wages fixed by the Boards are too high or too low, but because we have a different view of the mission of Trade Union organizations than that they are merely regulators of wages and hours. It is true that one organizes unorganized workers largely on the basis of wages and hours, because those are the questions in which the unorganized worker is primarily

interested. But a Trade Union really to fulfil its functions has other jobs to do.

One of the most important is to look after the conditions of work; the question of the preventable sickness in factories which are not by any means infringing the very low standard imposed by the Factory Act, but which are causing sickness to the workers in those factories; the unjust dismissals and so on. To me, one of the most important things that the Trade Union has to do is to encourage a spirit of independence among the workers. I think that is especially true with women workers. It is not good that you should have large bodies of women who have never been brought to understand their value as individual workers, and who come to regard themselves as cogs in the machine or as sheep herded by the foreman. I think one of the jobs the Trade Union has to do is to encourage the feeling among the workers that their jobs are important, that they are important industrial entities, and that in organizing in a Trade Union they are taking their rightful place in the industrial world.

What has been the effect of Trade Boards on industrial organization? As the previous speakers have said, the Trade Board fixes a minimum wage and the normal working week. When Trade Boards were new, when there was all the vast amount of propaganda in the Press and on the platform, the workers did take some interest in them. That interest does not exist to-day. The members of the Trade Board have either sat on for years, or when they resign, their places are filled by the Minister of Labour, either by his choice or on the nomination of a Trade Union. Little contact exists to-day between the Trade Board and the actual worker. The effect of that, of course, is that changes in wages take place, as far as the workers are concerned, rather like changes in the weather. They see a dilapidated and weather-worn notice taken down and a nice clean one put up, and they may or may not have sufficient interest to see what that means to them. If there is a live and active Trade Union organization, meetings are called and questions are discussed, and by Trade Union organization that contact between

the workers and the Trade Board might be maintained. But the tragedy is that, because a large mass of workers, especially of the poorer class, see in the Trade Union only something that fixes their hours or wages, when those are fixed, as they say, by Government, their interest in and their membership of the Trade Union lapses.

The Union of which I am an official and other Unions who are also interested in that trade and are represented on the Board, had a very large membership in the laundries previous to the setting up of the Board. I should say that outside the co-operative laundries the Trade Union organization among laundry workers to-day is almost nil in comparison with the large body of workers in that trade. I cannot speak from equal experience of the clothing trade, but I believe it is true that in most of the Trade Board trades the number of people organized is to-day very much less that it was when the Trade Board first started.

There are, of course, employers who will see in that a very good thing. For myself, I cannot understand why the enlightened employer—and I believe there are quite a lot of them—has not much more warmly supported the Trade Board system than has been the case. He would get a good deal of trouble out of his way by having the workers look to the Trade Board, instead of having an interfering Trade Union that wanted to know what conditions were like in his particular factory, and who were not going to send an inspector down once in thirty-three years but were actively dealing with his workers day by day. Those of us who do see in the Trade Unions a movement with a much wider mission to the workers than that, regret what has been the undoubted effect of Trade Boards on the organization. The immediate effect in such trades as the chain-making and shirt-making trades was to increase organization because the interest was maintained, but as soon as the Trade Board got into working order the opposite tendency took place.

Now with regard to the effect of the Trade Boards on standards of wages. I entirely agree with the previous

speaker that the effect of Trade Boards has been to raise wages in the trades to which they were first applied. I should say emphatically that the ambulance work that has been done by the Trade Boards is admirable in every way. But I think we come to more doubtful ground when we come to the effect of Trade Boards on what I might call the organizable trades. Where the Trade Board is dealing with trades where the workers are so far below the poverty line that it is almost impossible to get any Trade Union organization among them, those particular Trade Boards have done what I call very wonderful ambulance work. But there was later a tendency to apply the Trade Boards to trades that could be and ought to be organized. Let me give an example again from my own experience of the grocery Trade Board. This Trade Board was one of a series of Boards that were to be set up for the distributive trades. In the grocery trade there are a large mass of organized workers. Those workers have built up a definite wages standard, and when they saw the standards that were proposed by the grocery trades, they were very much afraid that the effect of it would be to reduce their wages considerably. That may have been an unfounded fear. It is possible to argue that after all the Trade Boards only fix a minimum, and that anything that the Trade Unions can do in increasing wages above that standard is all to the good. But in practice that standard rate would be the one that would be cited by every employer before any arbitration court. Just as we were taught in similar institutions to this that famous law that bad money drives out good, so it is an unfortunate fact that wages tend to fall to the minimum level, and that when you have a national minimum standard the keeping of any set of workers above that standard is very difficult indeed. I feel that in a trade such as the grocery trade, where the employers on the one side are quite well organized, and where the workers on the other have the opportunity of being well organized, and many of them are, that that is not a trade that is suitable for Trade Board activity; that what ought to be done there is the coming together

for negotiation about wages of the organized employers and the organized workers.

To take another example of the distributive trades—I would fully approve of a Trade Board for the catering trade. It is almost impossible to organize that trade, partly due to the poverty of the women concerned (if the conditions in many of the huge restaurants in this country were known, they would be seen to pay far below any civilized standard) and partly to the vicious custom of tipping. You have other women workers using those restaurants, and I know women to whom the question of tipping is a moral battle. They know that they ought to leave tips for the girls because their wages are so bad, but they cannot afford to give more than the high prices charged for the food.

Here you have a problem, the question of tipping, the question of the extraordinarily low wages that are paid, which might very well be thrashed out in some such public body as a Trade Board provides, and I think it is regrettable that when the Distributive Boards were set up the attempt was made in the grocery trade and not in a trade like the catering trade which would form an excellent field for their activity.

I think it would be bad to regard Trade Boards as necessarily a permanent feature of our industrial organization. I think that as an ambulance corps they are excellent, but I do think we ought to have a public opinion in this country both of employers and employed which would regard it as a disgrace to be under a Trade Board. I mean by that, that any set of employers whose wages were so low that a Trade Board had to be put on them, ought to consider themselves disgraced, and the workers too, who should organize to get better conditions. I should punish the coal owners of this country by making them have a Trade Board and hope that they would get out of it as quickly as possible. I should like any enlightened public opinion to regard it as disgraceful to be under a Trade Board. I do not mean that Trade Boards are a disgraceful thing, but they ought to be regarded purely as the ambulance work of industry. I

do not think they can or ought to take the place of Trade Union organization.

The employers will say, "That means that the Trade Union officials will lose their jobs." Not necessarily. We could find quite excellent ones in meeting in London and debating on Trade Boards in comfortable rooms provided by the Ministry of Labour. But our job is at the factory gate. It is in getting independence among the workers that they may fight for these things themselves. It is not right that necessarily these things should come without any effort. What we get without effort we do not value.

I feel rather that my speech is somewhat like the position of the younger sister of a bride who was a friend of mine. The friends were dressing the bride, and somebody remembered the flowers. They called to the young sister, "Dorothy, did you go to the florist and order the bouquets?" "Oh," said Dorothy, "was that the word? I got there and could not remember what I was to order, so I ordered wreaths."

Perhaps it may seem that I am not exactly decided whether I am placing bouquets or wreaths on the Trade Boards, but I have given what I feel are a few practical criticisms of the difficulties we have had to meet as practical Trade Union organizers.

## *MR. DAVID LITTLE'S SPEECH*

Mr. David Little said:

I owe, I think, my presence on the platform this morning to the fact that along with Mr. Mallon I am one of the original members of the Trade Board, that of the clothing industry. Our industry was one of the four industries scheduled under the 1909 Act. There was the chain-making, box-making, lace-making and clothing. At that time the employers repudiated the idea that we on the whole were engaged in a sweating industry. We still repudiate it and we say that the charge is not true.

But our Federation, which came into being at the same time, decided that we would do our best to make the Trade Board system a success, because we recognized that we were in an industry largely engaged in a trade which was centralized in certain areas of the country.

I might say the Trade Board for the purposes of administration cut up the country into seven areas. There was the South-East area, which included London, and London was then and is still a principal centre of the clothing industry: the Eastern Counties, with Colchester and Norwich as centres: the West, with Bristol as centre: the Midlands, with Leicester as centre: the North-West with Manchester: the North-Eastern with Leeds; and Scotland with Glasgow as the centre. Therefore in those centres the wholesale trade was concerned principally in well-organized factory centres.

But we are bound to recognize that we are in an industry which makes it possible for the small man to get going as a manufacturer. He has only to go to one of the principal sewing machine companies and can get his machines on the hire system. Therefore we recognize and do not combat the wish of the State to bring those smaller factories on to the level of organized employers.

The Trade Board of which I was a member was one of the earliest. I think the chain-making Trade Board was first ahead of us. We had to interpret a piece of experimental legislation. Our interpretation at that time did not agree—I am speaking now for the employers' side—with the workers' representatives. We differed more often than we agreed. I well remember the good work that Miss Mary MacArthur did at the outset on our Trade Board. (Applause.) We all recognized in her an anxiety for the betterment of women workers. As manufacturers we often considered her ideas not practicable, but we always gave her credit for her anxiety to do the best she could for the woman worker.

We interpreted the Act to mean that we could fix a minimum rate, which would bring the rates of wages earned in our industry to somewhat like the level of what would be termed a reasonably paid industry. I

admit we started low. Personally I think we started too low with the women's rate, which was to have been fixed at 3½d. for a girl of eighteen, and was afterwards fixed at 3¼d., and men at 6d. Only I agree with Mr. Mallon, when he said that when we fixed the minimum rate for a man at 6d., I do not think you could find 2½ per cent. of the men engaged in the industry who got that rate. We employ very few of what you might term labourers in our industry. The bulk of the male labour in our industry is employed on an occupation that requires a measure of skill and therefore commands a very different rate. A little later I will show you how we dealt with that position.

We set out in 1910 to fix a rate which was to be universal and would not inflict hardship on the areas where they were low. Speaking as a representative from Leeds, I may say at once when the rate was fixed at 3¼d. we were not buying labour at 3¼d. We would have preferred to have seen it at 4d. We were paying generally 5d. for labour at that time in what I would call an organized industry. Do not forget in these areas we have competition for skilled labour. In our Leeds evening paper to-night, you will find advertisements for skilled labour. The law of demand and supply will apply to labour as well as to anything else.

In the course of time our rates were reviewed, of course. The War came along soon after the rates began to be operative, and undoubtedly postponed what would have been an earlier revision. But take our rates to-day. That 3¼d. has grown to 7d. It did get as high as 10d. I am thinking of female labour. We have in addition a piece rate which is 1d. more than time rate. The female labour in our industry I should say represents something like 90 per cent. ; therefore they are working not to the 7d. rate but to the 8d. rate.

When we come to the men, the rate was fixed at 6d. in the first place and is now round about 1s. But the class of male labour we employ most of to-day is at 1s. 4d. as against 6d. So that you will see we have gone ahead in the fixing of rates. And still we do not call

them the standard rates, although they are negotiated rates between the employers, workers, and the workers' organizations, and probably are adopted largely to-day as a standard rate would be, but we still feel in the industry that we want to engage men of skill. We want to encourage additional skill, and the earning capacity of our workers has to be considered. I know from many conversations I have with my fellow employers, that we are only too glad to pay more where we get more skilled labour.

Miss Wilkinson suggests that the Trade Boards cut across the Trade Unions. I do not think so. As far as my industry is concerned, they were a wonderful incentive in increasing the membership of the Trade Unions and in getting employers together as well, and now we have two well organized bodies competent to represent both sides, whereas in 1910 both sides were very weak. If there has been any shrinkage in membership, I would say it is not due to Trades Boards. I notice in comparing returns of unions in various trades, there is a similar shrinkage in the membership of Trade Unions in those trades that are not within the scope of the Trade Board as in those that are.

It has been suggested that the Trade Board is not as good as an Industrial Council. As employers, when the Industrial Council came into being we very carefully considered whether we should be better under an Industrial Council than under a Trade Board. We came to the conclusion that an industry like ours was better covered by the Trade Board Act, as the determination of the Trade Board Act has a legal force which does not follow the decisions of an Industrial Council. For that reason we still hold to the Trade Board and, though we do not say it is perfect, we do say that we would rather be under a Trade Board with its imperfections than be without a Trade Board at all ; and though I am not here this morning in any other capacity than as an employer, I know that that represents the view of the majority of my colleagues in our Federation.

There has been much said about the minimum. Of

course, it is well known under a Trade Board that if you engage a worker at a time rate, you only get exemption on the ground of physical disability or old age or something of that kind. It is surprising how very few applications do come forward for certificates of exemption.

But do not think, as many people do, that the Trade Board Act guarantees the minimum. It does nothing of the kind. We tried very early on to get that phrase "ordinary worker" interpreted. Mr. Sidney Buxton was President of the Board of Trade at that time. We did not get it on that occasion, and therefore for the administration we had to interpret it that if four workers out of five, or eighty per cent. of the workers earned the minimum time rate, the fact that a fifth did not, did not of necessity show that the rate was wrong, but rather the fault was with the worker. That has never been tested in a court of law ; therefore we do not know to-day whether it would stand or not, but it has been a rough and ready way of administering the Act, and up to now has served very well.

Then there is the question of age from time to time, but we got that fixed that we treated the female worker as competent to earn the minimum rate at the age of eighteen. In some Trade Boards I believe the male age is fixed at twenty-one, others at twenty-two, and others twenty-three, showing that the fair sex get along a bit quicker.

I might say in conclusion that as an employer I am glad the Trade Board Act came into being. It has made for better management in our business. The workers, when they were at work, as Mr. Mallon mentioned, in what I call the bad old days, were allowed to come in without care being taken to see that they were provided with work. It does not pay any employer to pay something for nothing in these days, and therefore he takes care that his management is on a more efficient plane and that any worker who gets into the factory has something to do.

Another thing it has done for our industry is that it has brought better relations with labour. The first year or

two of our Trade Board was very nearly like a bear garden. An employer had only to make a statement to have someone on the other side get up and tell him, not always too politely, that he is not speaking the truth. To-day that has gone. The relation between the two sides is excellent. We can meet, discuss in a natural and a calm atmosphere, such as you never get when you are on the eve of a dispute, the various questions that have to be discussed, and it is a strange thing if you do not come to some agreement.

Another thing, instead of leaving the actual fixing of the rates to the votes of the appointed members (and all our early rates were fixed by the appointed members owing to the deadlock that existed between the two sides) we get together beforehand and negotiate.

At all events, we think that a settled rate, agreed between the two sides, is the rate that is going to stand, although when I was in the witness-box at Lord Cave's Committee one of the members took me up on the point. I had to say that we had been encouraged to do it, and you have heard this morning from Mr. Nicholson that the appointed members very often, when there has been a real difficulty, have got the two sides together and got a settlement. We have got together before we met the appointed members.

Again I think that the employer has gained, because minimum rates give a measure of protection to the good employer, and he has no hesitation now in increasing his rates because he knows that the other good employers are doing the same.

In conclusion, I may say that having now really more than sixteen years' experience of the Trade Board system, I have not regretted a single day I have given to the work.

## *PROFESSOR HALL'S SPEECH*

Professor F. Hall, M.A., B.Com. (Co-operative Union) said :

I want to approach this question from the point of

view of the general observer and the point of view of the general citizen. Most of us remember that the introduction of Trade Boards was due very largely to the wave of public opinion respecting the very low-paid trades. But that opinion probably would not have been strong enough to secure the establishment of Trade Boards had it not been that a certain measure of assent was given by those who believed that there was economic justification for fixing a minimum wage. The argument ran something like this. Wages are low; efficiency is low in consequence; earning power is correspondingly low; and the value of the worker to the employer is therefore low. The fixing of a minimum wage cuts this vicious circle; it raises the income, improves the efficiency and increases the output and economic value of the individual whose wages has thus been regulated. A large measure of assent was given to that proposition.

But as time has gone on, public opinion has changed, and nowadays the social and moral justification of the fixing of a minimum wage is pre-eminent in the minds of many people. There is a widespread belief that society has no right to demand service from any individual unless it is prepared to give that individual the opportunity of leading a healthy normal life in return, and that any wage which is insufficient to enable the individual to live such a life is inadequate.

We certainly find that the tendency has been to extend the application of Trade Boards from the fixing of a minimum wage for the so-called "sweated" industries to the fixing of a minimum wage for a great variety of occupations in which, relatively, the workers are fairly well paid. I think we can all agree that some method of fixing the wages of even the better paid workers, which does away with the conflicts to which we have been accustomed, is something worth examination and something worth having. The question is, do the Trade Boards provide us with the best machinery for dealing with the problem? Miss Wilkinson puts another point of view. I would rather say at this stage that, taking the world as it is, and remembering that people

do not live for ever and cannot wait indefinitely for their conditions to be improved by Trade Unionism, that Trade Boards have done a remarkably good piece of work. The fact that they have worked so well seems to me to be due very largely to the fact that they have brought together representatives of employers and representatives of workers under the conciliatory influence of an independent Chairman with the assistance of other independent members. Conciliation always seems to me more attractive than arbitration, and a rate that is an agreed rate gives far more satisfaction to both sides than one that is imposed by an authority from without.

In addition, it seems to me that the success of the Trade Boards has been largely due to the fact that the law stands behind the enforcement of the rates agreed to by the Boards. In this sense Trade Boards have been stronger than Trade Unions could have been in similar circumstances.

What are some of the advantages ? In the first place, it seems to me that the good employer has a certain measure of protection. It is wrong to assume that every employer is anxious to bring down wages. It is true to say that many would like to do better than they are doing if other people were equally compelled to do better, and if there were something like equality of conditions in different firms. The Trade Boards have done something to restrain the worst employers from depressing wages and indirectly affecting the welfare of the workers engaged by the best employers. The Trade Boards, besides protecting the best employers, have done something to shift the pressure of competition from the point of wages to the organization of the business. It is very tempting for an employer, when anxious to secure a particular order or develop a particular class of trade in the face of competition, to seize upon wages as being the element of cost that can be most easily and substantially reduced. The decisions of Trade Boards and the existence of Trade Boards make it more difficult for wages to be docked for this purpose, and compel employers to direct their attention to the organization of their business

to a greater extent, to eliminate waste, to improve the personal efficiency of the management, to take more care in regard to the labour employed, and the way in which it is employed and distributed in the various processes followed by the firm. The Trade Boards have thus tended to increase the efficiency of the business organization in many industries.

It is true that if wages are fixed in the manner in which they are fixed by Trade Boards, certain firms on the margin, the inefficient firms, may find it difficult to pay those wages and still survive. There can be no doubt, I think, that the fixing of wages will tend to drive inefficient firms out of the industry. From the point of view of society that may not be a bad thing. It certainly seems bad, from the point of view of society, that an inefficient firm may be retained in existence simply by underpaying the persons engaged in its service. If an inefficient firm is driven out, and the workers are transferred to the more efficient firms, that is all to the good of the industry and of society.

But I want to point out in this connection that the disappearance of inefficient firms is not something peculiar to the fixing of wages by Trade Boards. Inefficient firms are always going out of existence, but with this difference ; that without the protection of the wage standard, when an inefficient firm in the outside world is driven out, unemployment follows, and as a result of that unemployment the tendency is for the wage standard to fall for the workers in that industry as a whole, and with a fall in wages the inefficient firms tend to be re-established again. The Trade Board system tends to confine the development of the industry to the more efficient firms, and that is a benefit to society.

There is, of course, a limit to which wages may be raised by Trade Boards without the setting up of an injurious reaction in regard to employment. But I think we may realize this fact, that both employers and employed are likely to watch the development of unemployment as a result of their decisions ; and even if they were willing so to raise wages as to bring about a big

increase of prices that checked employnent, there is still the Ministry of Labour that has power to act. I do not think we need fear very much on that score.

The system, besides being advantageous to the good employer, and advantageous to society in the manner I have suggested, is also a great advantage to the individual worker. Those of us who have been in industry know quite well that whilst a number of workers do not mind asking for anything they would like, there are a great many who lack courage to ask for the right standard of wages. They are afraid, if they ask, that they may be dismissed. If they are already out of work and are wanting a job, they are afraid of asking too much for fear they will not get work. The Trade Board comes to the assistance of those individuals, and the individual is only asking for the legal wage. No employer is able to offer less. The bully type of employer is at a disadvantage when the wages are regulated by the Trade Board. The individual worker cannot be brow-beaten to the same extent, and that surely is all to the good.

Then, in addition to the benefits that I have mentioned, it seems to me that as the last speaker has said, the Trade Boards have tended to develop industrial peace. We know sufficient from our recent experience of the suffering of the community as a result of industrial disputes. The Trade Boards have done something to promote industrial peace, and the coming together of employers and employed in the industries under Trade Board regulations seems to have promoted better relationships generally.

The consumer's interests are important when wages are being discussed. We have on the one side the employers, very careful that prices shall not be unduly raised, and to that extent they are protecting the interests of the consumer ; we have the independent members, and they too are watching the interests of the consumer. But it is quite possible that even with this protection the interests of the consumer may not be sufficiently guarded, and that, I think, is a point to which attention should be directed.

In the early days, when legislation was proposed,

there were many people who said that the minimum wages fixed would become the maximum wages. Experience has proved that that does not happen ; that the best employers are prepared to go beyond the minimum wages and therefore as an argument against the Trade Boards that plea has now ceased to have justification.

Taking a general survey, I think we can say that the Trade Boards have done a remarkable piece of work. They are not perfect. What amazes me is that they have come so near perfection in the short time they have been established, having regard to the complexity of the task they have undertaken. Improvements are wanted in many respects, and I cannot help feeling that there is a certain disparity in the rates of the various Boards which is not reflected in the differences of skill required or the differences of strain imposed upon the workers in the various trades. That surely is something for investigation.

I cannot resist the feeling that it would be advantageous in measuring the value of the decisions of the Trade Boards, in measuring the suitability of the rates of wages, if we could have a public enquiry, at which social workers, statisticians, etc., could be represented, for the purpose of establishing from time to time what might be called the minimum-standard-of-living cost and what might be called the decent-comfort-standard-of-living cost for the people. We should then have a better idea of whether Trade Board rates were satisfactory or not.

When we come to consider a question of that sort, I think we come across another problem in regard to wages, and that is the question of the wage of the married man compared with the single man, and the man as compared with the woman. I cannot help feeling that in future the tendency of minimum wages will have to be towards the maintenance of the man and wife with special provision made by the State for what is called family endowment. We have to realize that the work of the married man may be worth no more to the employer than the work of a single man, and an individual going into a

shop to buy an article does not ask whether it was made by a man or a woman. The shopkeeper does not come forward and say, " These two articles are alike, but this was made by a man who was paid 20s. a week, and this by a woman who was paid 15s." It does seem to me that we shall have to provide for the family in some supplemental manner such as I have mentioned.

One difficulty, of course, of the Trade Boards, is that of getting better representation for the unorganized workers. Happily conditions in this respect are improving. Another difficulty is the effect upon prices in the case of those industries that are subject to foreign competition either in the home market or the foreign market. This intensifies the problem of fixing rates of wages, and it is one of the matters to which we have to direct our attention.

Another criticism to be directed against the Trade Boards is the slowness of their decisions and the slowness with which changes can be made. But despite all these disadvantages it seems to me that the system has justified itself. It has improved the position of the worker, and particularly the position of the low-paid worker. It has given a measure of protection for decent employers. It has satisfied our social conscience to some extent by ensuring that at any rate the worst evils of the sweating system have been removed. It has done something to stimulate interest in the recruiting and training of junior labour in several industries ; and it will do something to regularize the supply of labour and to stabilize industry. It has helped to maintain industrial peace and promote good relationships between employers and employees, and for those reasons I think it has amply justified its existence.

## *SECOND SESSION*

### OTHER METHODS OF FIXING MINIMUM WAGES

The second session of the Conference opened on Tuesday, February 1st, 1927, at 2.30 p.m., the subject under discussion being "Other Methods of Fixing Minimum Wages."

Professor D. H. Macgregor, M.A., was in the Chair.

## *CHAIRMAN'S ADDRESS*

The CHAIRMAN said :

This afternoon we have to discuss not something entirely separate from the problem of this morning, but something very closely connected with it as a matter of principle. In fact, we find that it is necessary to some extent to carry over from the morning session part of the Trade Board discussion. I think you will see from the general nature of the programme, as indeed from the point of view of principle, the Trade Board industries and the non-Trade Board industries may be very near each other, and that many questions relevant to the one arise in relation to the other.

I am therefore this afternoon in the first place going to call on one speaker to add something to the discussion of this morning, a speaker I may say without whom no discussion of Trade Boards would be adequate, Professor Hobhouse.

Then, as you will see, the programme has an international appearance, I am glad to say. We have two ladies who have come from France and Germany to speak on methods of the minimum wage determination allied to the Trade Board point of view. In the end I will ask Mr. Richardson, of Geneva, to sum up the matter from the general international point of view. What we are trying to do is to make a contribution to an international question.

## *PROFESSOR L. T. HOBHOUSE'S SPEECH*

PROFESSOR L. T. HOBHOUSE said :

What I wish particularly to speak about is the permanent place of the Trade Board system in wage regulations. I am going to argue that it should have a more extended place, and that it is that more extended place to which, particularly in this country, I think attention should be given when the question of introducing new methods of wage regulation into other trades, besides those that have hitherto come under the Trade Board system is under consideration.

What I have to say arises more particularly out of things said this morning. Two views of the nature and functions of Trade Boards were put before the Conference. One was the view that the Trade Board is a good thing in itself, an integral part of a good industrial system of organization, with the implication that there is no reason why those Boards should not be expanded and carried further into industry than they are at present. That is a view with which I myself sympathize.

An opposite view was put forward in a very clever speech, to the effect that the Trade Board is a system which has to be viewed with a considerable amount of suspicion by the Trade Union world. It may be allowed to have a certain function as an "ambulance system," But the hale and sound and hearty industry should be able to dispense with any such scheme. That is a view which I understand, but which I want to criticize because I wish to say that there is good reason for believing that the Trade Board has both a very permanent and honourable position in the industrial life of the country.

Miss Wilkinson indicated in terms which she, with her contact with Trade Unions, I suppose, may be allowed to use, that there are some grounds on which the Trade Union should be jealous of the Trade Board system. In the first place, she thought it did not conduce to the spirit of industrial organization to have an external power, armed with State authority, capable of securing a settlement which is as good, and perhaps better than that which

a Trade Union could hope to secure by its own unaided efforts. In this and in one or two other passages of her speech, I was struck with the truth of a very old proverb, that extremes meet, because here and elsewhere I found her echoing thoughts which were very familiar to me as coming from the extreme opponents of social legislation.

When, for instance, we were told that it was very much better for people to be able to do things for themselves rather than trust to the power of the State to help them, my mind was able to go back, further than that of Miss Wilkinson and further than that of Mr. Tawney, to the end of the "eighties" and to the emergence of what was then called the new Trade Unionism, which freely invoked the power of the State wherever it might commend itself to the moral sense of the community. I remember the arguments at which I was then present, between partisans of the old and the new Trade Unionism. The cry of the old was, "Why go cringing to the State? Why don't you do it for yourself?"—which appeared to me at that time very inapplicable to the real demands and needs of the case. Now I find that the advanced culture is speaking in exactly those terms at the present time, urging that people should be encouraged to do things for themselves rather than endeavour to obtain a just settlement of reasonable industrial claims at the hands of organs appointed to do justice and seek social good. I think it is better to appeal to the sense of the community than to the individual worker, that there is a desirability and a necessity for industrial peace just as there is a desirability of political and international peace, and that the ways of peace are better than the ways of war.

Again I find that in the particular line that this attack takes under the very able advocacy of Miss Wilkinson, almost exactly the same things are being said which were advanced by the Cave Committee in those portions of its Report which were singled out for criticism by Mr. Tawney. I find the contention put forward in the name of extremely advanced views that a line should be drawn between the bare minimum and the more reasonable

and more desirable minimum rates which might be fixed for rather higher classes of workers by agreement within the trade, backed and helped by the advice of independent people.

We were also told by Miss Wilkinson that some of the Trade Unions were really rather afraid of the effect of setting up minimum wages, one of the reasons given being that they doubted the effect of setting up minimum wages in its bearing upon negotiations that they might separately have with their employers.

I do hope that the mind of the Trade Union world works on lines which are more logical than is indicated in that criticism. Are the Trade Unions not capable of explaining to employers the difference between the minimum to be paid to any worker of whatever degree of skill, and the standard which may be agreed upon by, let us say, the best conducted firms and best organized workers ? I am quite sure their dialectical powers are equal to that. Any Trade Union leader with whom I have had the pleasure to deal has been abundantly blessed with the dialectical skill which would tear to pieces any such objection to the adoption by negotiation of special rates on the top of the minimum fixed by a Trade Board. I cannot think, therefore, that that complaint can have the smallest real substance in it.

I ask further, how could it really help a Trade Unionist in his negotiations to abolish legal minimum rates if it were the case that without these legal minimum rates the actual rates ruling would be lowered ?

I can only regret to see that there is a certain failure of support for the Trade Boards among certain sections of the organized workers in the country, and I think there is there a misjudgment of the possible functions not only of Trade Boards but also of the Trade Unions in the constructive industrial life of the country. In the legal regulation of wages the Trade Unions would always play a part of the first importance, because whether you have an arbitration system as in the industrial Court, or a Board system, you rely upon the arguments put forward by the two sides, and for those arguments the workers

have to trust to the strength and skill and enterprise and the ability of their Trade Union representatives. If you had not good representatives, you could not possibly work the Trade Board system. You must have people who can speak for their side. You want people who can take a broad view and give you some definite idea of the real position as viewed by their side, and only in that way can you come to a decision which will at all hold water.

I believe therefore that if you had any reasonable system of public adjustment of wages carried much further, you would have in the end not a weakening but a strengthening of the combinations of employers and employed, and that the Trade Unions would have to show their workers what they had won not by fighting, but by the able presentation of their case in the body appointed for dealing with such matters.

That brings me to the extension of the Trade Board system. I wish to maintain the complete contrary of the view that the Trade Board is merely an ambulance, and that all it has to deal with are the rejects of industry. I think that if you got the view accepted, that trades were to come into the Trade Board system, as Miss Wilkinson said the miners should have done, under penalty for being unable to secure a sufficient wage for their members, what sort of a Board would you have meeting ? A hang-dog Board of people in disgrace, who hated the system and would do the least possible in co-operation therewith.

Far from that being the case, the real value of the Trade Board system is that it has drawn on the willing and hearty co-operation of both sides, employers and employed. But for that it could never have got through the extremely difficult time of the early years of its existence.

There is a widely diffused feeling that something can be done by the Boards for the improvement of the trade as a whole, for enabling it to hold its head higher, and feel that it is a trade in which the workers are gaining as well as the employers, a trade which is not only serving

some need of the general public but also in doing so providing a healthy and desirable form of life for the masses of the people engaged in it. If it was not so the Trade Board system could not work at all, or certainly not with anything like the efficiency which it has actually displayed.

Nor do I think that the Trade Board system is merely a palliative of the capitalist system. It has to deal with the adjustment of two different interests, the interests of the producer who is not a manager, and the interests of the consumer. If you had a co-operative world, you would have exactly the same problem. The interests of the worker as worker are not the same as the interests of the worker as consumer. If you had a complete cast-iron scheme of industry, in which everything in the whole borders of the country was conducted by a State Department, you would still have a conflict of interests between the Directors of the Department and the interests of the people engaged in each section of the industry, and there would be a necessity for adjustment between these two interests. I consider, therefore, that the Trade Board system is irrelevant to the question of the changes which may take place in the direction of industry. I think therefore that it has a permanent place in industry and is not merely a palliative of a system which some people may be trying to displace altogether.

That brings me to my last point, which I am sorry to say is much too large for the end of a speech, but which could perhaps serve to stimulate criticism.

I think it a mistake to seek to limit Trade Board regulation to bare minima. You have to find methods of adjusting rates for trades in general, and I think you will best find it not by enacting straight off that there must be compulsory arbitration but rather by showing by experience that you can by such a system as the Trade Board fix rates of all kinds with success in a way which will command agreement and which will be found to work well. Therefore I should like to see the Trade Boards expanded upon those lines. And I should like to see the Whitley Councils reformed and given similar

powers, with the introduction of an impartial element to act as a medium between the two parties. Also we shall see some similar provision *ad hoc*, in particular industries. We have it on the railways. We have just lost an excellent opportunity of instituting a similar system in the case of the miners.

I should like to see a system, introduced gradually after this fashion, becoming the normal means by which disputes in industries would be settled. That once reached, I think the majority of industries would fall in.

The contribution therefore which I have to make to the question is primarily this : an extension of the Trade Board method, not of course rigidly the same, not necessarily under the name of Trade Board, but an analogous institution with two representative sides and an impartial element, backed and helped by the skilled bureaucratic advice which the Trade Boards enjoy in the extremely ably organized Ministry of Labour, and with ultimately a legal sanction at its back. I hope the Conference will give consideration to that among other methods, and that the other methods that are put forward will be put in comparison with that scheme.

## LEGAL FIXATION OF MINIMUM WAGES FOR HOMEWORKERS IN FRANCE

Summary of Report presented by MADAME D. DUCHÊNE, Office Français du Travail à Domicile

In an introductory statement Madame Duchêne reminded the Conference of the difficulties attendant on the organization of homeworkers and enumerated the causes of these difficulties. She drew attention to the close resemblance between the conditions in which homework is carried on in different countries, conditions varying for better or worse, in accordance with the general conditions and particular circumstances of each, such as

more or less advanced industrial legislation, immigration, etc. She demonstrated the importance of the question in France (where the number of homeworkers is considerable), and related the history of the movement in favour of fixing a minimum wage for this category of workers, which gave birth to the Act of 10th July, 1915.

This Act was shown to be particularly interesting in that (1) it constitutes the first step towards legal fixation of a minimum wage and that (2) it has introduced a new feature into French law by according to certain Associations, authorized by Order in Council, the right to take prosecutions in cases of contravention of the Act.

Madame Duchêne went on to explain some of the drawbacks affecting the operation of the Act. In particular, she emphasizes its slow working, more especially in respect of the fixing of minimum wages. The result of this slow working is that the legal minimum wages so fixed are never in accordance with actual factory and workshop wages, and, the minimum rates being invariably below those currently paid, the homeworker has no inducement to put in a claim to them. Madame Duchêne then gave an account of the efforts of the French Homework Office to promote the operation of the Act in the spirit as well as in the letter, of the prosecutions undertaken in certain cases, and the enquiries to which such cases gave rise. These enquiries had, in practice, proved the Act of 10th July, 1915, to be incomplete and in urgent need of amendment. She summed up the steps taken by the French Homework Office, in approaching the Higher Labour Council and the Ministry of Labour, to obtain an amending Bill, which should contain clauses drafted on lines approved by that organization, and reported that a new Bill had in fact been introduced into the Chamber on the 12th November, 1926. The Federation of Garment Workers supports the principal proposals of the French Homework Office, and the two bodies are working together for the acceptance of the desired clauses.

Madame Duchêne then proceeded to deal in detail with

the criticisms and proposals put forward by the French Homework Office, as follows :

1. *It operates very slowly.*

Owing to the dilatory methods of Wages Boards and Technical Committees, the amount of time spent on communicating the results of their labours to the Prefects and the subsequent publication of these results, together with the length of the period allowed for appeal, determination of these Boards have on certain occasions become operative only after the lapse of eighteen months.*

In view of the rapid rise in the cost of living during recent years and the corresponding rise in factory and workshop wages, the audience can easily conceive how startling was the disproportion existing between the homeworker's fixed minimum wage and the wages paid in workshops on the date when the former came into force.

2. *Trade Unions and Authorized Associations cannot obtain a refund to workers of the difference between the wages paid and those which legally should have been paid, unless they have formal instructions from the women to take action.* Yet Trade Unions and Associations authorized by an order in Council issued at the request of the Minister of Labour, are permitted to " bring a civil action based on contravention of the Act." It would appear that the Legislature—(this is the opinion of such competent lawyers as MM. Professor Raoul Jay, Tissier, and others) —intended to empower the Trade Unions and Authorized Associations to prosecute on behalf of the woman worker, even without any formal instruction from her, with the view of obtaining for her payment of the difference between the wage actually received and that to which she was legally entitled. This interpretation of the Act was adopted by the Boards of Conciliation, but the Civil Tribunal and the Court of Cassation refused to confirm it. In view of this refusal and the reluctance of the

* A Determination of the Wages Board of the Department of the Seine, made in March, 1924, did not come into force until June 14th, 1925, although it was uncontested.

woman worker to bring an action, it is easy to understand why the number of prosecutions has been small in comparison with the number of homeworkers.

3. *The Inspectors of Labour have no power to investigate any lack of correspondence between the wages actually paid and the minimum wages fixed.*

The payment of wages lower than the legal wage can only be legally contested by a civil action brought either by the person directly concerned, a Trade Union, or an Authorized Association. We know that women workers, owing to natural timidity, or to fear of reprisals on the part of their employers, hesitate to formulate complaints ; and as the right of Trade Unions and Authorized Associations to act on their behalf in demanding a readjustment of payments has been disputed, such Unions and Associations can only ask for compensation, the amount of which is never high. Consequently the employer who has disregarded legal rates escapes the results of his law-breaking at small expense.

4. *Claims of women workers in respect of wages paid, to be legally effective, must be lodged at latest within fifteen days after the payment of such wages,* except in the case of a special piece rate fixed by a previous decision.

The prescribed period of fifteen days is far too short and was strongly contested before the Act was passed. It constitutes a great injustice, seeing that Article 2,371 of the Civil Code makes six months the limit of " any action that may be taken by workers and labourers in respect of the payment of their daily earnings, allowances and wages " ; homeworkers are thereby placed in a position considerably inferior to that secured by common law to all other workers.

5. *Penalties for non-payment of the legal minimum wage are too slight and small publicity is given to such cases.* The employer does not find in them a deterrent strong enough to restrain him when the temptation to increase profits by paying a wage lower than the legal wage presents itself.

6. *The wording of the Act does not secure the fixing of responsibility for non-payment of the living wage.* The worker, the Trade Union and the Authorized Associations alike often know no more than the Christian name of the contractor or the trade sign of the shop concerned and are ignorant of the legal description of the firm they wish to prosecute. The registration offices alone are in a position to give this information, by supplying the registered title of the firm, but they sometimes refuse to do this. Moreover, there are many small industries which carry on work without registering.

7. *Great difficulty is encountered in ascertaining the exact rate of wages in the workshop.*

Employers who are members of a Wages Board and are bent on fixing wages per hour at a low rate very often supply incorrect information, and the workers' representatives may contest the accuracy of this information without being able to support their arguments by irrefutable proofs.

Hence interminable discussions arise, often leading to investigations of a most laborious kind, seeing the Inspectors of Labour who undertake these investigations are not entitled to require production of employers' wages books.

8. *The Act was for a considerable period applicable to certain branches of the clothing trade only.*

It was not until 10th August, 1922, that the Act was extended by administrative public order to other branches of homework.

9. *Men homeworkers engaged in producing certain special articles on which female labour is not employed, are excluded from the benefits of the Act.*

This is the more regrettable seeing that a large number of disabled men who have had to resign themselves to work at home are thus deprived of all protection in respect of their wages.

10. *Existing checks on contravention are inadequate.*

The alternative use of a counterfoil receipt and a booklet is dangerous. The counterfoil receipt is easily

lost by the working woman. Moreover, the employer may deliberately fail to give her such a receipt when she returns her work, in which case she is deprived of the proof necessary to justify any claim she may subsequently make.

Provisions for the posting up of rates are not sufficiently precise. On this point the letter of the law is usually respected, but, owing to all sorts of subterfuges, posting is so carried out that the worker is unable to consult the list of rates.

Hence we have put forward a request :

1. That Wages Boards and Technical Committees shall be required to issue determinations within a fixed period, and further to communicate the results of their decisions within a fixed period to the Prefect ; and that there be a reduction in the time allowed for appeal. Article 33F.

2. (*a*) That the Trade Unions be empowered to bring any action arising out of the present section—Part XIII L. I. of the Labour Code—on behalf of their members without obtaining an instruction from the person concerned, provided that due notice has been given to such person and that he had made no objection.

(*b*) That in conformity with paragraph I. of Article 33K, the Authorized Associations, in the same circumstances arising from the present section, be empowered to bring any action on behalf of male or female workers who are not members of any Trade Union. Article 33K.

3. (*a*) That the period during which claims of workers in respect of the rates paid to them for work done be extended.

(*b*) That the exact meaning of the expression " the application of a special piece-rate established by a previous decision " shall be definitely laid down in order that the Act may be administered in accordance with the intention of the Legislature. Article 33J.

4. That the responsibility of the manufacturer, commission agent or middleman in connection with the payment of a minimum wage be not henceforward a civil

responsibility merely, but one rendering him subject to penalty in case of contravention (Article 33I.); and that existing penalties be increased.

5. We submit certain provisions which practice has shown us to be necessary.

(*a*) Abolition of the counterfoil receipt.

(*b*) Entry in the worker's booklet of the registered name of the firm giving out the work and the names and addresses of the middlemen who distribute it, together with an estimate of the time necessary for its execution (Article 33c.).

6. That Inspectors of Labour should be empowered to require production of wages books, in order that they may ascertain the wages generally paid in the district to workers in factories and workshops (Article 33e.).

7. That the provision of the Act be extended to all homeworkers as already provided for in Article 33M. paragraph 2.

8. That the provisions of the Act be extended to all workmen. This extension is a natural corollary of the option contemplated in Article 33M., paragraph I.

9. That the addresses of all middlemen functioning between the manufacturer and the worker at home be shown in the register which contains the addresses of the workers (Article 33A.).

10. That more precise rules be laid down with regard to the manner of the posting up of rates in the premises of the employer; and that in the case of workers who, owing to the distance at which their homes are situated, have their work sent to them and collected when finished, by their employers, piece price lists applicable to the work which they undertake should be supplied them (Article 33B.).

11. That in fixing the minimum wage every form of remuneration to be added to the wage should be taken into account (Article 33E.).

12. That the Authorized Associations be empowered to require that Technical Committees shall determine

the length of time necessary for the completion of a certain class of goods, and to require Wages Boards to revise rates per hour (Article 33G.).

13. That the Conciliation Boards be authorized, whenever it appears possible, to base their decisions on calculations supplied by the Technical Committees in the lists regularly published (Article 33G.), so as to avoid loss of time.

14. That greater publicity be given to the decisions arrived at by Wages Boards and Technical Committees (Article 33H.) by :

(*a*) Posting them in Town Halls, Chambers of Commerce, Offices of Conciliation Boards, Labour Exchanges, Employment Offices, and all private premises connected with commercial, charitable and other establishments which are concerned with the finding of employment.

(*b*) Forwarding to all Employers' Associations and Trade Unions lists of the Minimum wages per hour, and of the period fixed for execution of given classes of work by Wages Boards and Technical Committees. Associations and Trade Unions to be under obligation to make such trade lists known to their members.

15. That the right to protest against the decisions of Wages Boards and Technical Committees be formally granted to the Associations mentioned in Article 33K., Article 33H.

In conclusion it is right to state that the defects of the present Act are not due to the general principle on which it is founded, but rather to the fact that in 1913-14 the Legislature was not in a position to foresee post-war economic conditions.

*Conclusions.*

(1) The right of the workers to a living wage should be universally recognized.

(2) The fixing of a minimum wage is absolutely necessary in the case of workers whose conditions of work are unfavourable to their organization in Trade Unions.

(3) So long as the remuneration of labour by means of wages continues, the principle of a minimum wage must remain the keystone of all legislative and other reform which aims at the protection of labour. At the same time, we must never lose sight of the fact that organization in Trade Unions is the workers' only real weapon of defence, and that consequently anything which injuriously affects such organization is to be condemned.

## *MARGARETE WOLFF'S SPEECH*

Fraulein Margarete Wolff (Gewerkverein der Heimarbeiterinnen) said :

So far in Germany home-workers alone are entitled to fixed minimum wages. Other classes of workers may secure agreement by which the rates are fixed and these agreements may be enforced by the Minister of Labour, as the awards of the Arbitration Tribunal are enforced by the Arbitrator. The German Trade Unions did not desire to go further than this. They believed themselves strong enough to carry out adequate agreements. The long period of trade depression through which we are passing has changed the opinion of, at least, the Christian Trade Unions, which I have the honour to represent here.

The Act of 1911 for home-work provided for the establishment of Trade Boards (this being the equivalent of the German term " Fachausschuss " as used in the Act). These Trade Boards were only empowered to make agreements and had no power to fix rates of pay. Being without means of enforcing these rates, they proved unsatisfactory and an amending Bill, brought in in 1923, was carried by all parties in the German Reichstag. Although the Trade Boards Act of 1923 became effective on July 1st of that year, several months passed before it could be actually brought into force. So experience of the working of this Act is still small.

At the present time forty-four Trade Boards for home-workers have been set up in different parts of the country.

German Trade Boards are established for a specific district only, but the setting up of Trade Boards for several districts is provided for by law in order to prevent the removal of certain categories of home-work into districts unprotected by Trade Boards. So far the Minister of Labour has not established a Central Trade Board (Gesamtfachausschuss). He wanted to see the working of the single Trade Boards first. Trade Boards are set up by the Minister of Labour of the Reich or the Ministers of Commerce of the different States, and before a Board is set up the Employers' Associations and the Trade Unions, must be consulted on the question whether the particular trade shall be brought under the Act. A Trade Board can be set up at the joint request of employers and workers.

The Trade Boards are composed of an independent Chairman, two appointed members and representatives of employers and workers. They may form committees for different branches of work. The chairman, who is neither an employer nor a worker, must have knowledge of the industry. Up to now he has been in most cases a factory inspector, or the chairman of an Arbitration Tribunal, or occasionally an official of the municipality. As to the two appointed members of the Trade Board, no direction as to the manner of their selection is given by the Act, except that they must be experts, and are to be appointed by the Minister. As in most cases one of the appointed members is an employer and the other a worker, it means practically little more than adding one member to each side of the Board. Trade school teachers of both sexes have been chosen, or civil servants, or officials of the local authority. The representatives of employers and workers must be either manufacturers who employ home-workers, home-workers themselves or secretaries of Employers' Associations or Trade Unions. The number of secretaries chosen as representatives must not exceed half the number of delegates.

The total number of representatives ought to be restricted, but this has proved to be impossible in practice. Minor organizations have to be considered, and

female home-workers must be nominated in proportion to the number engaged in the trade. The greatest difficulty up to now has been to get representation of sub-contractors and middlemen. According to the Act middlemen who earn the greater part of their wages by piecework represent the home-workers, and the other sub-contractors represent the employers. The Act does not limit the number of delegates nor the term for which they were nominated, but leaves the regulation of these points to practice. At present delegates are appointed for a term of five years.

The Trade Board can act on its own initiative, with the permission of the authorities, or at the suggestion of the employers' or workers' associations, who have members in the Trade Board districts and give out work to home-workers, or who are home-workers themselves. Up to now the Trade Boards have, in the majority of cases, taken action on the initiative of the Trade Unions.* The Trade Board is only entitled to fix minimum rates if it has been ascertained that the rates within the district concerned are insufficient, and that an agreement for obtaining adequate rates cannot be arranged. The Act defines what is meant by inadequate rates. Rates are inadequate if they do not reach the level of the customary rates paid in a particular district, or are lower than those paid in other districts with smaller economic conditions. The Trade Boards have power not only to fix rates but to make them obligatory.

The first duty of a Trade Board is to try to effect agreements. Trade Boards claim as their first successes the conclusion of agreements in branches of industry that were badly or poorly organized and in which the Trade Unions have failed to bring about an agreement.

Any party appealing to the Trade Board will generally hand in proposals for minimum rates and prove that the present rates are inadequate. This is comparatively easy wherever work done by the home-worker is similar to that done in workshops or factories, and the rates of

* Mostly of the Gewerkverein der Heimarbeiterinnen.

these workshop or factory workers have already been regulated by agreements. The agreement rates are then fixed as minimum rates. Sometimes the home-workers' agreement rates exceed the rates paid in factories and workshop, allowance being made for the use of their private rooms and tools. But whenever minimum rates have been fixed the rates of the factory or workshop worker have never been surpassed. The Act prescribes no standard for fixing the rates. As a rule it is decided by the recognized power of production of each respective industry.

The rates fixed become binding if the determination has been carried by the chairman, one appointed member and two-thirds of the representatives. But in the majority of cases either employers or workers reject it, standing together on a vote, and it is the vote of the chairman that decides. In such cases an appeal may be made to the Minister, who can refuse or confirm the determination, refer it back to the Trade Board, or put off the date of its coming into force. Whenever middlemen are represented on one side or the other their votes may become decisive.

Middlemen's rates can only be regulated if they are supporting the home-workers' side. As far as possible the rates fixed are piece rates and if, for technical reasons, this is impossible, time rates are agreed upon. On the basis of these time rates the piece rates are calculated in each particular case. Difficulties arise in fixing time rates as the basis of piece rates and no control over hours of work is possible. The best method seems to be to fix work-time schedules as well as hourly rates. These could be applied even to industries with changing fashions.

According to the law, the Trade Boards themselves are responsible for the enforcement of minimum rates. In practice, it is the Trade Unions who see to this. The Trade Boards, with the help of inspectors, investigate complaints, and compel the employer or middleman who is guilty of paying rates below the minimum to make up the full amount or pay a fine. The amount of the

fine is limited by law, and may not exceed five times the difference between the sum due and the sum paid, but may rise to ten times the sum in cases where the offence is repeated. Actually but few and low fines have been inflicted—as they were generally laid on middlemen, whose own wages being unregulated and insufficient, it has been almost impossible for them to pay the minimum rates to the home-workers. This state of things calls for reform. Regulations of the middlemen's rates is certainly a problem difficult to solve. It is unfair to ask the middleman to pay minimum rates when his own rates have not been regulated. The majority of cases of evading the rates can be traced to this cause, though others are due to the lack of authority conferred on Trade Boards for enforcing the law.

If the fixation of minimum rates could have been established in Germany during an industrial boom it would have been more effective. In an unemployment crisis home-workers dare not complain for fear of losing their work, since home-work is the first to be dropped. The failure of the Trade Boards to strengthen the home-workers' organizations must also be attributed to unemployment. Although the law relies on the Trade Unions and cannot, in fact, be put into effect without their help it has so far not strengthened the home-workers' Trade Unions.

Yet in spite of its shortcomings and in spite of the relative weakness of the home-workers' organization, the law has already done something towards regulating wages. Any movement in this direction has had to be a cautious one and having regard to the present low state of Germany's economic life the Minister can scarcely be blamed for feeling his way carefully.

Home-work is being gradually displaced by the setting up of machinery. Home-work of women, though needing protection, must not be done away with by over-regulation, but should be encouraged for the sake of the home and the family, the protection of which is the duty of every Government.

## *MRS. WINTRINGHAM'S SPEECH*

MRS. WINTRINGHAM (Agricultural Wages Board) said: To have to discuss such a vast subject as the history of the fixing of wages for agricultural workers in fifteen or twenty minutes is almost an impossible task, but I will endeavour to bring out a few of the most important points, not forgetting that the fixing of wages for women is by no means one of the least important.

In the times of the Tudors and Plantagenets the system of fixing wages was based on a rough equality between the population and the resources of the country. In 1500 England was able to clothe and feed the whole of her population, and in fact was able to export a little food and wool too. In those days the Government assumed that since this was the case, it was possible for every man to secure work. If he did not secure it, he was considered a wastrel.

This state of things remained almost unaltered up to the great changes caused by the Industrial Revolution. As a result of this the necessity arose for fixing a "fair" wage for the worker and a "fair price" for goods purchased. But that is a very vague term. We have heard how vague it is during the course of to-day's discussions. Gradually the word "fair" was dropped for the word "living," but we still have a vagueness as to what is a "living" wage, because what is a living wage for a Chinaman or an Eskimo is by no means a living wage for an Englishman or a German. It is a condition of the advance of civilization that more and more should be meant by the words "life" and "living." What was good enough for our ancestors is not good enough for us. A rabbit, a few skins and a hut were enough for them, but we want something more than that at the present time.

These variations make the question an international one, and they call for the assistance of the League of Nations. The position in our own country is perhaps more advanced than in many countries, but shows that

even here, in spite of the powers of the Unions and combinations, there still remain a vast number of workers in agriculture who cannot by those means defend themselves, and as a consequence the State has been driven to perceive that it must abandon its *laisser faire* methods and undertake the defence of the agricultural worker.

Perhaps for the guidance of those who are not in close touch with agriculture I might give the figures of the workers in that particular industry. According to the latest returns there are (at present) 794,899 people working in agriculture in this country, and of those 690,000 are men and 104,000 are women, a fact which surprises some people. These are very large figures, and therefore we must recognize the importance of securing that the workers in that industry should have a fair wage and a reasonable one. The inherent difficulties of the agricultural worker living in an isolated position call for the provision of some effective weapon. He wants machinery that is not only going to fix a wage, but is going to see that the wage is enforced.

Prior to 1917 there was no system of collective bargaining for the fixing of agricultural wages. The Corn Production Act was passed in 1917, guaranteeing the farmer a good price for his corn, and the labourer a decent wage on the lines of the present Trade Boards in industry. The system worked successfully, and ensured that the workers' wages were increased in proportion to the cost of living and according to the profits of the farmers, but in 1921, owing to financial reasons, the Government withdrew the Bill, and again the agricultural labourer was left without any defence.

True, the Conciliation Committees were set up. They replaced the Corn Production Act, but the composition of them was of very little moral value to the agricultural workers. They were certainly composed of the workers and employers equally, but there was no independent panel. The agreements that were made were not really legal; they were made for short periods, and only very few were made. In fact, in 1924, out of sixty-three

districts, only eleven had fixed wages by arrangement with the Conciliation Committee. And even when they were fixed and registered, that only conferred the right of appealing for a civil action; and we all know the invidious position of an employee when he wants to take legal proceedings against the employer.

During the Conciliation Committee period the wages fell from 42s. under the Corn Production Act down to 28s. and in many cases 25s. and even lower.

In 1924 the Labour Government promoted an Agricultural Wages Bill. It was considerably modified, but at any rate a more or less agreed measure was put on the Statute Book. The important change in this Act was that the fixing of the wages was vested in the County Committees and not in the Central Board, as in the case of the Corn Production Act. All that the Central Board was empowered to do was to give legal effect to the decisions which were drawn up by the County Wages Committee.

The machinery for applying this Act is that the country is divided into forty-seven areas. Each area has a County Wages Committee, consisting of an equal number of workers and employers, plus two impartial members and a Chairman.

There is really no fear of a breakdown because although part of the work is vested in the County Committees, if a Committee fails to fix wages, the Central Board can step in and do so.

The Central Board consists of equal numbers of employers and workers, plus a Chairman with four independent members, of whom one must be a woman. Note, although there are 104,000 women working in agriculture, that is the only time it is compulsory for a woman to be appointed as part of the administration.

The difference between the agricultural wages fixed by the Wages Committee and the minimum wages fixed by the Trades Boards is that the Minister of Labour has to confirm the Trade Board's decisions, but the Minister of Agriculture's only power is, if he does not think the wages fixed to be in accordance with the Act, to ask the County

Committee to reconsider the question, and even then they may adhere to the rate if they wish.

The only guidance that the County Committees have for fixing wages is these words in one of the sections : " in fixing minimum rates a Committee shall, in so far as practicable, secure for able-bodied men such wages as in the opinion of the Committee are adequate to promote efficiency and to enable a man in an ordinary case to maintain himself and his family in accordance with such standard of comfort as may be reasonable in relation to the nature of his occupation." An unsuccessful attempt was made during the passing of the Act to introduce an Amendment with regard to family allowances, with the idea of improving the lot of those workers with children.

Where a County Committee meets to fix the rate, the employers state briefly the position of the industry ; the workers state their case and the cost of living, and the proposal is put to the vote. It is then embodied in the form of a draft notice. This is inserted in the newspapers, and has to be there not less than fourteen days to allow for the objections. If there are no objections, the County Committee meets, passes on the rate of wages fixed to the Central Board, which confirms the rate, and issues an Order legalizing it. If in fixing the wages an agreement cannot be reached, the impartial members give their verdict and their vote, and the Chairman has the casting vote. If the workers and the employers both abstain, then the impartial members carry the day.

In order to enforce this Act the Minister of Agriculture has a staff of administrative and legal helpers and also investigating officers. The Minister of Agriculture can prosecute an employer if he is not paying the required wages, and levy a fine of not more than £20. Particulars of the wages and employment concerned can be demanded.

The rates of wages in 1924, when the Agricultural Wages Act was passed, were 28s., that is 55 per cent. above the pre-war average wage, whereas the cost of living was 77 per cent. above 1914. The present rate is

72 per cent. above the pre-war cost of living. East Anglia is at present paying 30s. and Lancashire 42s. That is for fifty-one hours in summer and forty-nine in winter. Differential rates are paid for overtime, and there are a certain number of benefits and advantages which are always reckoned in. Many people think the agricultural labourer while only getting a small wage has in addition his pig, his potatoes, and his cottage free. But that is not so. All the advantages are reckoned and counted against the wage. In fact, every county has now fixed that if a man lives in a cottage provided by his employer, 3s. is to be paid for it, and generally where people live in, the board and lodging are reckoned at 15s. per head ; but in any case, wherever these advantages are enjoyed, they are always assessed by the District Committees and deducted from the rates of pay.

The process of fixing the wage of women workers in agriculture may here be reviewed. Mr. Ashby's historical account (including the Report of the Sub-committee appointed to consider the Employment of Women in Agriculture in England and Wales, 1919), suggests that the paid woman labourer on the farm has generally fallen into two categories :

(*a*) The " farm servant " (working in the house as well as in the byres and yards) ;

(*b*) the " outworker " or " field worker " with purely agricultural duties.

In 1388, according to the Statute of Labourers, the wages for a " swineherd, dairy woman and woman labourer " were 6s. a year. Notice the classification of the swineherd and woman labourer.

In the fifteenth and sixteenth centuries the records suggest some diminution in numbers of regular women, field-workers, and in Rutlandshire the Justices in 1563 assessed the value of a woman worker and labourer on the farm at 20s. per year with the addition of 6s. 8d. for her livery. Warwickshire in 1657 assessed the woman worker's wage at 30s. a year.

In 1924 when the Agricultural Wages Act came into force, it is true that the fixing of women's wages was considered, but there were two drawbacks in this connection.

The Act suggests a standard (of regard for personal efficiency and claims of dependants) to be borne in mind in fixing rates for men, but indicates no corresponding standard in the case of women. The second drawback is that no provision is made for the inclusion of women on the District Wages Committees. If more women were on, I venture to think conditions of pay, hours, etc., would be improved for women workers.

A minimum wage, whether for men or women, must evidently be based on one of two principles,

(*a*) on the value of the work ;

(*b*) on the needs of the worker.

There are at present 21,000 General Agricultural Women Labourers ;
10,000 women looking after cattle ;
4,000 gardeners' labourers ;
4,800 employees of gardeners and nurserymen.

The adoption of the principle of fixing wages according to the value of the work would apparently mean that the above categories would receive the same pay as men.

The adoption of the principle of fixing wages according to the needs of the worker should involve recognition of the fact that maintenance of personal efficiency is as important in the case of the female as of the male worker, and also of the fact that many of the women working in agriculture are supporting dependants, who should be taken into account if the dependants of men are considered.

To this brief sketch of the system of fixing minimum rates in agriculture in England, I can only add that experience has abundantly proved that owing to the inherent difficultues of the agricultural worker's isolated position, the State must fix and enforce a wage that is suitable and adequate for the worker. It is even more

necessary to fix it in Agriculture than in the forty-four Trade Boards.

Voluntary collective bargaining on the lines of the Whitley Council system is only possible where both employers and employed are equally strongly organised, and until this position obtains in agriculture, and it is far from it at the present time, no general standard of reasonable wages can be maintained without the assistance of the State. But I feel encouraged, after hearing Mr. Tawney this morning. He talked about the slow conversion of people to the Trade Boards. I hope the conversion is going to be a little quicker in regard to agriculture, and that the machinery recently set up will speedily command equally good results for the agricultural worker.

## *MR. J. H. RICHARDSON'S SPEECH.*

### CENTRAL COMMISSIONS AND THE LIVING WAGE

Mr. J. H. Richardson (International Labour Office, Geneva), said :

At this morning's session the Trade Boards system of fixing minimum wages was discussed. I intend this afternoon to describe an alternative system of fixing minimum wages which appears to have worked satisfactorily in a number of countries, namely, the Central Commission or General Board system. I hope to show that this system permits of a greater degree of co-ordination than the Trade Boards system and also that it is more suitable for the application of the living wage principle.

For the regular fixing of minimum wages by state-established machinery, the central commission system in one form or another is the chief alternative to Trade Boards. The Arbitration Court is an important means of fixing minimum wages, but takes action only in cases of dispute. It cannot, therefore, be regarded as a means

for the regular fixing of minimum wages. Both Trade Boards and Central Commissions may fix minimum rates at any time whether a dispute has arisen or not.

The essential feature of a Trade Board is that it is concerned solely with wages and other conditions of labour in the industry in which it is set up. Trade Boards may be established on a district basis as in France and Germany. They may be established on a national basis as is generally the case in Great Britain. But whether the basis be district or national, each Trade Board is concerned with its own trade only.

Under the central commission system, which has been adopted in certain States in Australia and in various States and provinces in the United States and Canada, rates in different industries are fixed by a single authority. The authority may fix separate minima for each of a number of industries, while for any one industry it may fix different rates for a number of districts. As much variety of rates is thus possible under the central commission system as under that of Trade Boards. In Ontario, for example—one of the Canadian provinces in which the minimum wage system has been most widely applied—the commission has issued separate orders fixing minimum rates in each of a number of industries. Also, for each industry, higher rates are generally paid in Toronto than in other cities, while lower rates are paid in small towns and country districts. There is thus variation both by industry and district.

On the other hand, a central commission may fix a single basic wage applicable to all industries and districts, in other words, a national minimum. Thus, in New South Wales the Industrial Commission is required to declare at regular intervals minimum wages of State-wide application for adult male and female workers. In Queensland, South Australia and Western Australia also the system of State-wide basic wage declarations is in force. Under Trade Boards alone the fixing of such minima would not be possible.

A further difference between Trade Boards and central commissions is their membership. Central commissions

are generally composed of three or five persons. In some cases only impartial persons are appointed; in others the commission includes one or two representatives of employers and workers. Trade Boards are generally larger, usually consisting of anything from nine to about fifty members. Also apart from a small number of impartial persons—usually one or three—a Trade Board consists of employers and workers in the trade concerned. These are evidently well acquainted with conditions in the trade for which they will issue orders. Central commissions in fixing minimum wages for a number of different trades, cannot have that first-hand knowledge of conditions in each trade which Trade Boards possess.

In order to overcome this difficulty, a central commission, which, as in Canada and the United States, fixes minimum rates varying according to industry and district, generally obtains the advice of an advisory Trade Board or conference of employers and workers in each industry. In addition to providing a basis for fixing rates in different trades, the co-operation of employers and workers is secured, thus leading, as with Trade Boards, to improvement in industrial relations. Evidently a central commission cannot fix minimum rates which differ considerably from those recommended by employers and workers in the trade concerned. Therefore the central commission may closely resemble the Trade Board system. The commission may merely confirm rates recommended by its advisory conferences of employers and workers much in the same way as the Minister of Labour ratifies the decisions of Trade Boards.

In practice, however, under the central commission system, there is usually greater co-ordination than under Trade Boards. The commission, in fixing rates in a number of different trades, must adopt general principles which can be applied in all cases of similar character. These principles will be taken into account by advisory boards or conferences before making their recommendations to the commission. Therefore there is likely to be less inequality of rates in different industries

under the central commission system than under Trade Boards. A second indication of the greater co-ordination by central commissions is that a given scale of rates generally covers a wider industrial field than is the case with Trade Boards. These tendencies may be illustrated. Thus in Great Britain, Tasmania and Victoria, under the Trade Boards system, the field covered is divided into a large number of different industrial branches. In Great Britain there are separate Trade Boards for about forty different industries. In Tasmania the number of Trade Boards is about fifty, and in Victoria about 180. Such sub-division frequently involves difficulty in defining the boundaries of each trade. Under the central commission system the field of industry is often divided into a small number of large industrial groups. Thus in Saskatchewan the field is divided into four groups only, and in Alberta and Manitoba into six groups. No doubt the smallness of the number of groups is due in part to the comparative simplicity of the industrial structure in these provinces and also to the fact that these laws apply only to women and girls. It is, however, due also in part to the adoption of the central commission system.

In the various Canadian provinces and also in certain States in the United States, not only are separate scales fixed for a few large industrial branches only, but the differences between the minimum rates fixed for the various groups are small. Thus, in Saskatchewan the minima for experienced women in all the trades covered by the Act vary from fourteen to fifteen dollars per week. In Massachusetts the minimum rates for experienced women in fifteen different industrial branches range within the narrow limits of thirteen to fourteen dollars per week. This high degree of uniformity is due mainly to the adoption of the living wage principle by the various central commissions. A list of the commodities necessary to provide a reasonable standard of living is drawn up, and the cost of these commodities is taken as the minimum wage. Lower rates are sometimes fixed to allow for the financial difficulties of the industry ; higher

rates are fixed for an industry where the work is of a special character. However, the fact that the cost of living is the first and chief element to be considered leads to a considerable degree of similarity between the rates fixed for different industries.

For the satisfactory application of the living wage principle the central commission system appears essential. A Trade Board will endeavour to fix rates which its own industry can pay. But there may be certain industries which cannot afford to pay wages which would be considered adequate according to the standards of living of the country. It is true that the idea "a reasonable standard of living" is an elastic conception. Nevertheless, in any country or economic region it should be possible to define within narrow limits the meaning to be assigned to "a reasonable standard". The distinctive feature of the living wage principle is that at the basis of the wage system there should be general minima determined in relation to the standard of living of the community. In applying these minima little or no allowance is made for the inability of an industry to pay. The view is taken, as expressed for example in an arbitration court decision in South Australia, that it may be better "to fix wages on general principles than to attempt to preserve in the State every factory that may chance to have established itself. The extinction of industries unsuited to the State may be an advantage rather than to allow a long and fruitless struggle under severe competition to continue."

I shall now briefly outline the highly co-ordinated system of regulating wages applied in a number of Australian states under which the central commission and Trade Boards systems are combined. A central commission fixes minimum rates of general application below which no worker shall fall. Thus a basis is established for the wage system. Above this level, which applies as minimum for unskilled workers in all trades, there is ample opportunity for the fixing of rates varying according to the conditions of different industries. These higher rates may be fixed

by collective agreement between employers' and workers' organisations, or by Trade Boards set up in the different industries. In cases of dispute between employers and workers the points at issue are examined by the central commission, now acting as a court of arbitration, and a binding award made. Similarly, the commission hears appeals against the decisions of Trade Boards.

This system, or one closely allied, is in operation in New South Wales, Queensland, South Australia, Western Australia, and New Zealand. Its main features have developed as a result of the adoption of the living wage principle, and the application of this principle in the first instance by courts of arbitration. When a dispute was brought before a court the first step was to fix the amount of a living wage for unskilled workers in the trade concerned. But the court, when dealing in succession with disputes in different trades in the same region made use of precedents already established, with the consequence that similar basic rates were frequently fixed. It was an easy step to require the Court to make declarations of basic wages apart altogether from the existence of a dispute. When this step was taken, the court in fixing such basic minima was no longer acting as a court of arbitration for the settling of disputes but as a central commission for declaring basic wages of general application.

A central commission, whether it also acts as a court of arbitration or not, must adopt a number of general principles for fixing minimum wages. If it fixes basic minima of general application it must examine in detail statistics of national production and also take account as far as possible of prospective production indicated by economic barometers. It has a unique opportunity for making detailed investigations into the causes of differences between the wage rates of different categories of workers. These differences are frequently found to have little or no scientific foundation, being mainly due to accidental circumstances, such as the relative bargaining strengths of employers and workers. Also a rise of wages is often obtained by one group of

workers at the expense of other groups. Statistics show that to a large extent wage conflicts result merely in an alteration in the relative levels of real wages in different trades, the proportion of national productivity paid as wages remaining substantially unchanged. Much of the effort involved in the wage struggle would be saved if the underlying factors were more clearly understood and co-ordinated action taken to determine and apply general principles of wage settlements. A central commission could attempt as far as possible to determine on scientific lines a reasonable relation, based on skill, between the wages of different categories of workers. This relation would be varied with changes in the degree of skill required in different occupations as a result of developments in productive organisation. Also the general level of wages would rise or fall with general productivity. On these lines a commission might not only provide protection for certain groups against unduly low wages, but also contribute largely to the promotion of industrial peace.

I have attempted to review rapidly a wide field. The central commission system as the alternative to Trade Boards has been described. I do not suggest that the system is superior in all circumstances to Trade Boards. But I do say that its application in various countries will repay examination, and that it may be possible to combine some of its features with the Trade Boards system. Its advantages from the point of view of co-ordination have been indicated. It is evident that some form of central commission is essential if it is desired to introduce a basic minimum into the wage system. A central commission could also contribute to the peaceful settlement of disputes by establishing general principles of wage fixing, based on systematic scientific research into the whole problem of wages.

## *DISCUSSION*

Mr. Bernard Sullivan (Tailor and Garment Workers' Union): I think it is necessary that some of us who have practical experience of the working out of these Trade Board rates should have something to say in

respect to the statements of what the Trade Board Acts have done. I am not satisfied with the rosy view that has been given from the platform. Representing the workers in the garment industry, I have come across certain points that need a good deal of explaining before we can be satisfied to take the views of the members who have been speaking from this platform to-day.

In the first place, we have been given, even by the exponents some very great weaknesses that exist in the Trade Board Act itself. You have had the inadequacy of the inspectors put forward, and I do suggest that if this Conference is to have any value that is a point that wants seriously taking into consideration, that you have not sufficient inspectors, and that it would take about twenty years to inspect the whole of the places once, and having inspected a place the inspectors have to go again to see that the decisions of the Trade Board have been carried into effect. I have seen cases where, when evasions have been found out, the Trade Board officials have decided that they should pay a certain amount of back pay, and afterwards, the employer having given them the assurance that he has paid the rates, he has often got the girls to sign receipts without giving them the money. The Trade Board Act needs some moral force behind it that it has not got . . . . .

In every instance where evasions have taken place, the Trade Board machinery has absolutely broken down. In Manchester some years ago the evasions in the cap industry were so great that the employers themselves employed accountants and decided what they owed. They trusted to the employers themselves, to their honesty, to give an estimate of how much they owed, and somewhere about £4,000 in back pay was paid to the workers in Manchester.

There is one point I think which is an auxiliary to the present system, and that is the system suggested by Mr. Little. The method adopted in our organization is that the employers and the workers themselves come together and thrash out the question of the rates of wages they want, and then go jointly to the Trade Board. I believe

that will have to be a secondary consideration apart from fixing rates of wages for the lowest class of workers, that you might consider the question of some sort of organization which would include compulsory Trade Unionism, whereby a strong body of employers and of workers could fix the rates of wages in the higher skilled trades and so act as a sort of auxiliary to the Trade Board Committees.

I believe it is necessary that you should understand that the Trade Union movement is becoming very upset about the growth of the benevolent legislation of the Governments and other bodies to supplant the Trade Union movement. They realize that you cannot get any of these things into operation, that even where the Trade Boards operate to-day, if you take an organised section of any industry you will find that where they are best organized, the best wages obtain, and where they are worst organized the lowest wages obtain. Just as you have strong or weak organization, so do you have benevolent or otherwise legislation for increases of rates of wages.

I do think it is necessary that we should not go away with the idea that all is well in industry, and that the rosy picture painted this morning from this platform is the opinion of the workers themselves.

CHAIRMAN : There was a speech made this morning by a representative of the Ministry, Mr. Nicholson. Mr. Nicholson is still here, and it may be there are some who want to ask him direct questions.

MR. WATERHOUSE GIBBINS : There are two points I want to ask. My experience is as an employer, in an industry in which the wages are regulated by collective bargaining, so that I have no personal experience of the Trade Board. But Mr. Nicholson told us there were forty-four Trade Boards in Great Britain. There are 1,496 members from the employers' and employed side, and 136 from outside. That makes a total of 1,632, which gives an average membership per Board of thirty-seven. It is a large Committee. Is it so that the Trade boards consist of on an average of thirty-seven ?

MR. NICHOLSON: Yes. That is the answer. Might I say on that that the reason for such large Boards is that by that means and to some extent it is possible to obtain assent to what they do.

MR. WATERHOUSE GIBBINS: The other point was the amount of time it takes before a decision can become operative. I was talking at lunch with a Trade Unionist. We were told that after the Trade Board has agreed that a certain demand is reasonable—from my knowledge of collective bargaining it might take at least a month, two months or even longer occasionally—but after the Trade Board has agreed that this demand is a reasonable one, it is then circulated to all non-members of the Board, who have two months to consider it and in which to make objections; then there would be a further meeting of the Trade Board to consider objections, or if there were none, there would have to be a meeting and the Minister then has another month. This would mean five or six months. That is not a strong point, but it certainly would not make for pleasant relations. The procedure seems so slow.

MR. NICHOLSON: In reply to that, may I say that the Cave Committee thought that it ought to be speeded up, and I have no doubt it should. But there again the delay is provided to obtain assent of the actual employers and workers.

I might say, if my recollection serves me right, that the period of two months is as long as it is because the employers in the house did not like it to be as short as it was originally proposed.

On the point whether the actual time might be called five or six months, I think it would be much fairer to call it three.

MR. J. W. WEIGALL: I should like to say from my practical experience of some two or three years as Chairman and Vice-Chairman of various Boards, how thoroughly I agree with Prof. Hobhouse in the value of the work they do.

The last speaker but one told us a story, which I have often heard sitting on the Board, of various imperfections

due to the want of inspection, and how evasions of the rate of wages are possible. Of course, it is perfectly true, but what I would point out is this. If you spent half a million a year on inspectors, you would get through the work much better. But what is done at present with the limited staff, not only does great credit to that staff, but I want to point out two other methods of inspection.

In the first place, the Trade Union officials in touch with the various workers, brings the cases to the notice of the Board and the employer knows it. And also you have the very valuable fact that all the other employers are on the qui vive to see that their rivals in the trade do not get an advantage by contravening the regulations.

I assure you in practice that is a most valuable thing, but I want to say on the whole, unless you have practical experience you cannot realize the true value of these Boards. I have listened to-day to Miss Wilkinson and the last speaker but one saying the worst of them is that they will destroy the Trade Unions; they either leave them nothing to do or destroy their power. I assure you that a Trade Union official is the man who ought to be supported by everyone in his trade, if he is sitting on and doing the work of a Trade Union official on the Board, as I have invariably found them. Invariably, when a Trade Union official gets on the Board, he comes in a businesslike manner and spirit as the advocate, and the sensible advocate of the man he represents.

Sometimes you get a Board with the employers on one side and the men on the other, and antagonistic. Get that Board together under the proper Chairman for a year or eighteen months, and what do you find? That both sides have come together with a pride in their work, with a pride in their trade and an idea that they can manage their own trade better than anyone else, and as Englishmen they can agree a just and fair compromise.

I have been sitting for, I think, three years now on various Boards. Only once have I had to use the power of voting. On every other occasion the two sides, the men and the masters, have come to an agreement without

calling on the Chairman. I attribute it very largely to the fact that in the atmosphere of the Trade Board, the Trades Union Official and the employer do not come there regarding one another as enemies whom one side or the other has to beat, but as representing two different sides and wishing to come to a fair agreement, which they both realize will be for the benefit of the trade as a whole. They get a pride in the commonsense of their Board. I am sure that that is of inestimable value.

Mr. Wallis (Midland Wholesale Manufacturing Clothiers' Association): I wish to make a few remarks with reference to the discussion that took place to-day from the point of view of an employer who is dealing with the results of the Trade Board's actions, and particularly to refer to the suggestion from Mr. Richardson that we ought to have a clearer insight into the working of the general economic conditions. Mr. Tawney referred to the passing of free competition, and yet we have Mr. David Little referring to the benefits of competition. Mr. Tawney suggested that competition only reduced wages, whereas Mr. Little said it raised them. Then we had the remarks of Mr. Mallon, giving the different changes in the rates of pay, but he made no reference to the change in the price of the commodity.

My feeling is that we are not allowing enough for the factor of competition.

I have before me here the duties of the Trade Boards in the period they have been in existence. They have been functioning for sixteen years, but it is not mentioned that in that time the rate of pay has changed sixteen times. What caused that change in the rate of pay? My reading of it is that that was the effect of the change caused by free competition in the prices of commodities; that we had only to re-adjust the changes. We did not fix them, we only re-adjusted the average. Therefore I feel we want to understand more what makes these changes in the prices of the commodities that we have been compelled to alter our rates of pay. Unless we do come to some understanding of why these changes take place, our Trade Boards are often in the difficulty of being, as it was

suggested by Mr. Barnes, I believe, very slow in making the changes.

I remember one particular instance where a change was asked for because there was a change in the standard of living. Long before the change, which was an advance, had taken place, there had been a considerable drop in the standard of living, and we had to face as employers the fact that all our prices had gone down just when we had put up the rate.

I want to suggest that there is a possibility of getting at a much more exact measure of the change that is necessary, if we were to examine the net product of every industry, so as to divide that product into its natural divisions of wages, salaries and profits. Unless there is some such measure, we cannot tell whether we have raised the wages or lowered them. Miss Wilkinson referred to the position of the coal trade, that we ought to have a punitive Trade Board to bring about a better condition in the coal mining industry, and yet in the year 1925 the wages were 88 per cent. of the product of the industry for that year, which is larger than has ever been paid in any industry in any country at any time.

Unless we have more elastic methods no possible settlement can be arrived at.

Mr. F. W. Cristall (Lace Finishing Trades Board): I think we have had a most interesting day to-day. I am a member of the Nottingham Lace Finishing Trades Board, and I have been a member nearly from the beginning. I have gone through all its vicissitudes, and I think we may say in Nottingham with regard to this particular Trade Board that it has been a decided advantage to the Lace Finishing trade, not only from the point of view of the employers but also from the point of view of the employees.

I may say that before the establishment of this Board there was no effort made by the Lace Trade Union of the city to help the home-workers in the lace industry, and that this Board was a great advantage to them. I did not altogether blame the Trade Union that they were not able to help these home-workers. They were a vast

unorganized body, and I do not think they could ever have been brought into what may be termed a Trade Union organization, but owing to this Trade Board we have been able to discuss matters and have been able to raise wages and have been able to have the whip hand over those employers who paid lower wages than they ought to do and unnecessarily depressed the wages. I think I am speaking for the trade generally when I say that we consider that as far as the lace finishing Trade Board is concerned, it has been a benefit all round.

Mr. Unwin (Chairman, Hair Manufacturers' Association): I agree in a large measure with what has been said in reference to Trade Boards. I have been Chairman of ours since its formation. There are three observations that I wish to make, and three only, in order that I may, I hope, help the future.

The first observation is that the Trade Boards as at present administered, with two or three exceptions, are gradually but surely sapping the life and vitality of the small urban districts of this country and driving the workers into the large towns and cities which are considerably over-populated.

Secondly, the rate of wages for the town man should be far in excess of the countryman, because a city man has so many extra expenses to contend with more than a country man, and he does a lot of extra work in travelling.

The third observation is this. I have been a Free Trader all my life, but if you have standard wages, if you have protection for wages, then you must have protection of industry.

Miss Mary Carlin (Transport and General Workers' Union): I think there have been too many speeches from the platform from people who actually have no contact with workers at all. It is too late to go into a lot of the objections now, but I do feel we should have had more time for discussion and less speeches from people on the platform who only know one side of the subject.

I would not condemn the Trade Boards, but they are by no means perfect. We had one person on the platform suggesting that they had been the means of stopping the exploitation of child labour. A child goes into a factory as soon as the education authority looses him, so the Trade Board has had nothing to do with the stopping of exploitation; and after he gets into the factory he is exploited or she is exploited for all they are worth, until they have to be paid a higher rate and then they are thrown out. That has been one of the great results of the fixing of low juvenile rates by Trade Boards.

I am a Trade Union official. I contend that the Trade Union side are as much to be blamed as the employer's side. Only the other day I was faced by a youth who was sacked on his eighteenth birthday when he came to an increase of wages. That is happening all the time. Mr. Hobhouse has made me feel very humble. He says that if a Trade Union official cannot make an employer see the difference between a minimum rate of pay and a rate of pay which can be agreed upon, the Trade Union official is a very stupid person. I am that stupid person, for I do fail to make the employer pay any more, and that is the experience of every Trade Union official.

Not long ago I organized a tin box factory. I approached the employer, who was very polite, very kind, but he said, "you make my competitors pay more than the Trade Board and then I will give you more." I could not get another farthing, and eventually I lost the workers. You cannot get more than this minimum rate of pay. Mr. Richardson's idea of central councils is very good, but I think it would result in a low level of a standard rate of wages for the whole body of the people.

## RECEPTION BY THE VISCOUNTESS GREY OF FALLODON

On the evening of Tuesday, February 1st, the Viscountess Grey of Fallodon held a reception at the Grand Hall of the Hotel Cecil. To this reception were invited the Conference delegates, Officers and Headquarters' Committees of the League of Nations Union and Chairmen and Secretaries of London Branches of the League of Nations Union. Speeches were made by the Rt. Hon. the Viscount Grey of Fallodon, K.G., the Rt. Hon. the Viscount Cecil of Chelwood, K.C., and the Rt. Hon. G. N. Barnes, C.H.

### *THE RIGHT HON. THE VISCOUNT GREY OF FALLODON, K.G.:*

After making reference to the League of Nations and the Chinese crisis, LORD GREY said:

I will only touch on the Industrial question very briefly, but I would like just to say this: that I do not think we need expect any new solution of the industrial question which has not been suggested before. But what we may expect is that the experience of recent years has made some things, which have often been suggested to be unfertile and not debated by people before, suddenly become fertile and useful to-day. I am quite sure of this, and I believe even the Communist would agree, that increased production and the lessening of the cost of production is essential to high wages and short hours and increase of employment. I think the only difference between a Communist and myself on that point is that the Communist wishes to sweep away everything which now exists in order to produce that result, I, on the other hand, feel that British trade, which has been built up through very many generations to such a high point, is not going to be furthered by a sudden and violent overthrow of the existing system. I think, if that happened, it is very doubtful whether the thing would be built up again. I think it is going to be furthered by adapting the existing system to better methods; in other words, that the people who are now working the existing system are going to have their

eyes opened to see the utility of certain things which they did not believe to be essential before. If that is the real truth, that increased production, the lessening of the cost of production, lead to higher wages, shorter hours and more employment, is it not time that Trades Unions and employers alike concentrated on that truth and said, "Here is a truth which neither of us can work out separately, but which we can work out together."

I see very often the word goodwill is used as regards relations between employers and employed in industry. I would not so much use the word goodwill as I would use the word confidence. If the two sides can trust each other, that is what will produce the good result.

The first step towards confidence is consultation between the sides. You cannot obtain confidence between two sets of people and you cannot produce goodwill by legislation. They must do it themselves, and the first thing is consultation. Then consultation, if it be honest and impartial, may lead to co-operation, and then co-operation may lead to confidence. That is, I believe, the true road on which industrial peace and improved conditions are to be found, and it has got to be done by the two sides themselves.

Are they more disposed to do it than they were some years ago? Are they more conscious of the need for co-operation and less conscious of the instinctive antagonism? I take the analogy of foreign policy, and I look back, and I think the war was a great opportunity to mankind to learn by experience the necessity of placing the relations between foreign countries on a better and more secure footing. And so I think recent experiences, recent events in industry, with all their disastrous consequences, have given us an opportunity to learn by experience that better relations between those engaged in industry are essential. If that be true of the situation to-day, then the last word I would say is this: that I trust this Conference, organized under the League of Nations Union, may do something to assure that the opportunity of learning by experience is going to be turned to good account.

## *THE RIGHT HON. THE VISCOUNT CECIL OF CHELWOOD, K.C.:*

LORD CECIL said:

Your Conference, as I understand it, is to consider three subjects: conciliation, arbitration and the minimum wage.

As far as conciliation and arbitration are concerned, it is quite plain that any adherent of the League of Nations must be warmly in favour of both principles. Indeed they are the two principles on which the Covenant of the League mainly relies as an alternative to war. But the difficulty in regard to industrial affairs has always been the dilemma that if they are to be voluntary, then they are at best a partial remedy. If people are willing, both of them, to agree on conciliation and arbitration, they are really anxious for a settlement, and if they are anxious for a settlement then three-fourths of the battle is won. If they are not to be voluntary, then they must be compulsory, and the objections to that are so well known that I need not recite them.

But I feel there is one thing that I may say about them both, again speaking from the point of view of an adherent of the League of Nations. They are both means of settlement of disputes, but the Covenant proceeds upon this basis, that though machinery must be provided for the settlement of disputes, the real essential thing is to prevent disputes arising. In all matters, industrial and international, the old English proverb, "Prevention is better than cure," is a thousand times true.

I assume that your third subject, the question of the minimum wage, is designed to deal at any rate in part with the prevention of disputes and the encouragement of a better—to use the ordinary phrase now—a better spirit in industry.

If I may, purely from the point of a looker-on, say a few words upon that question, there seem to me to be two main theories of wages. I am only speaking, as I say, as a looker-on. One is the so-called economic

theory that labour is just a thing you hire as you do anything else under the ordinary conditions of the market, and the price of labour is dependent upon the ordinary law of supply and demand. When that theory prevailed to the uttermost, it produced terrible social evils. It produced, as we all know, the absolutely incredible conditions of child labour, for instance, which were in force unhappily in this country less than a century ago. And it produced, even in our own time, perhaps still produces in some cases, all the evils which we associate with the expression sweated labour. As time has gone on, it has been tempered by this theory of the minimum wage, which is sometimes called a minimum wage, sometimes a living wage, sometimes a subsistence wage, meaning no doubt slightly different things but all fundamentally the same. My only criticism about that is that it has always proved to be a difficult thing upon which to arrive at an agreement, and it seems to me at the best only a modified form of the economic wage. It is the minimum wage with a provision that it is not to fall below a certain point. Though that removes a great deal of the evil of the economic wage, I still cannot bring myself to believe that it is really a satisfactory way of determining the matter. What is the other alternative?

The other alternative is the one which proceeds, for want of a better word, upon the principle of partnership. On that theory the owner of the plant and the works, the employer, is not conceived as just hiring labour, but rather as coming to an agreement with labour, meaning labour in the widest sense, of course, by which jointly they shall carry on the business together.

Now I say a very rash thing, speaking, let me assure you, for myself and myself alone. To my mind that is the real issue apart from wider questions of a completely subversive change of our industrial system. Are you to regard the coalition between the two as that of one hiring another, or are you to regard them as two interests, or two individuals, coming together and making a common agreement for a common purpose for a common advantage? It seems to me that we have to

make up our minds which of those two principles we really believe in, and I do not myself believe that you will get any final solution of these questions until an agreement has been arrived at on that preliminary point.

I do not think it is a question of this particular arrangement or that particular arrangement. I do not think it is even mainly a question of money, but, as has been well said, it is mainly a question of status. It is a question of the point of view which the two sides are going to adopt in making their agreement for the carrying on of industry. That I believe to be at any rate one way of looking at the fundamentals of this question. I may be entirely wrong, but that is my feeling. I have to add that as far as I am personally concerned, the second alternative, the alternative of partnership rather than hiring, seems to me not only sound in itself but far more in accordance with the general movement of opinion in political, social and I will add, even international matters than the other solutions of this question.

These are the observations I desire to make to you this evening. I do not pretend that there is anything very novel about them. I hope that they may be fashioned into something useful by your Conference.

*THE RIGHT HON. G. N. BARNES, C.H.:*

MR. BARNES said:

I do not suppose for a moment that you require any long speech from me. There is no time for it, and as it seems to me there is no need for it after the two speeches that have been delivered. I should like, however, before saying anything else to express what I am sure you will all feel, our sense of indebtedness to Lord and Lady Grey for having given us this opportunity, this unique opportunity, of comparing notes and fraternising a little on the occasion of our Conference at the School of Economics. (Applause.)

The Conference has been convened by the industrial section of the League of Nations Union, and the purpose of it is to contribute if ever so little to a larger degree of

common understanding in the industrial world ; that is to say, it aims at promoting principles of reason and common sense into the world of industry as the League of Nations itself seeks to apply them in the larger sphere of international affairs. That does not mean perpetuating the existing system of industry. Everybody can think as they like about that, but it does mean, that so long as this system in industry remains with us, then we, as common sense people, ought to try and operate it to the best advantage of everybody concerned.

The Conference seeks to contribute a little towards that. That is all. That there is need for something of that kind being done, I should say will not be denied by anyone. For the last few years we have had more industrial conflicts than at any time in my recollection. Strike has followed lock-out and lock-out has followed strike, and there has been terrible loss and suffering to everybody concerned, but especially to the wives and families of the manual workers, and it is with those that I am mainly concerned.

I believe the trouble has arisen very largely because each side has been too much concerned, to use a vulgarism, in pushing its own barrow, and they have not built up, so to speak, to any great extent any code of understanding between them. Employers and employed have raged furiously together and imagined vain things. When I say employers, I mean not only the ordinary capitalist employers. No distinction has been made. I mean public authorities, co-operative societies' just the same as capitalist employers. Employers and employed have raged furiously together, have imagined vain things, and I think it has been largely because the employers have been thinking too much in terms of an autocracy in industry and the workmen's minds have been confused with phrases about revolution. Both these things are out of date, friends, and it seems to me that workmen and employers have got to make up their mind to that. There is everything to gain by the employers consulting their workers, and there is everything to gain on the part of the workers by loyal co-operation with employers.

How is it to be done? What is the machinery necessary? Well, that is a matter for the Conference, but I would say this, that it is not only machinery that is wanted. That is no good by itself unless there is the proper spirit to work it. Therefore it is not only a question of making machinery; it is a question of getting that confidence or goodwill or whatever you like to call it into industry, and then translating that into industrial reconstruction. I remember Lord Grey somewhere or another saying that if there had been some machinery by which the statesmen of Europe could have been got together in 1914, that there would have been no war, and of course I accept that. It would be silly on my part to contest it. At the same time I would add this to it: that if there had in 1914 been an international spirit in Europe, then there would have been no war. And, just in the same way if there was now in the field of industry a greater regard for the common good, there would be less strike and less lock-out. (Applause.) That is what we are aiming at.

Just a further word in regard to what might be called the larger issue to the situation. We are coming to recognize that after all industrial questions are very often international questions; that strike and lock-out very often arise from political policy somewhere or another, and international complications very often arise out of strike and lock-out. It is not too much to say that the recent stoppage in the coal industry was to some extent at all events traceable to the French policy in occupying the Ruhr, and in the same way the coal stoppage has its repercussions, as you know now, throughout the world. The two things go together, and that is why the International Labour Organization is an integral part of the League of Nations, formed in the sure and certain hope that the more the nations can be got together to act together in the arts of peace, the less likely will they be to fall out and wage war one against the other.

We are therefore striving to back up the International Labour Organization to clear the ground. We have been fortunate in getting many men, able and willing to advise

us—men like Poulton from the Labour side, men like Hichens and many others that I could mention from the employers' side, and others of that calibre, representing sections of public opinion, and we are in hopes that by the advice of these men and women, who know what they are talking about, as the result of this Conference of the League of Nations Union, we may be able to test our hope and put a stone into the foundations of the Temple of Peace.

## THIRD SESSION

### JOINT INDUSTRIAL COUNCILS—PRESENT POSITION

The third session of the Conference opened on Wednesday, February 2nd, 1927, at 10.30 p.m., the subject under discussion being "Joint Industrial Councils—Present Position."

Mr. W. T. Kelly, M.P., was in the Chair.

### *CHAIRMAN'S ADDRESS*

The CHAIRMAN said:

I shall not take up your time excepting to hope that the discussion this morning on the present position of Joint Industrial questions will enable us to give some idea to the Conference in June next as to the experience of those Joint Industrial Councils. In the early days of those Councils we framed the Constitutions that many of us believed were to be experimental. We had hoped that out of the experience of months, or a year, or two years, we would have found it necessary probably to alter those constitutions. I am sorry to find—I hope I am not taking away what is going to be said by some of the speakers—that in some of the Councils there is an idea that you should have a stiff, hard, rigid constitution which must be worked to. I have never known industry to be carried on in the stiff, hard, rigid way.

There is also a feature of the Joint Industrial Councils that I have never been able to understand despite my connection with so many of them, and that is why the commercial side of industry and in the case of Government Departments the administrative side of those Departments are kept so far distant when matters connected with either the industry or the service are being dealt with. If I may express an opinion here, I think it has been injurious to the Joint Industrial Councils and their work. It has prevented there being

placed on the table the facts of the situation, the knowledge of the situation and the understanding of all that was concerned with either the business or the undertaking, and has prevented what was expected from Joint Industrial Councils in the sense of goodwill, frankness and confidence.

## JOINT INDUSTRIAL COUNCILS IN THE PRINTING TRADES

### *MR. R. A. AUSTEN-LEIGH'S SPEECH*

MR. R. A. AUSTEN-LEIGH (Messrs. Spottiswoode, Ballantyne & Co., Ltd.) said :

In the first place I had better just outline to you the way in which the printing trade is organised to-day. First of all, let me take the employers' side. Since the year 1919 this has been organised on a strictly logical basis. First of all, there is the local Association, composed of the Master Printers, it may be in a town or in a portion of a county, or even in a whole county. The Associations are grouped geographically into Alliances, of which there are eleven in England, London being one to itself, and in addition, Scotland forms a twelfth Alliance. Finally the Alliances together form the Federation of Master Printers. Thus the local Master Printers elect the Council of the Association, the Associations nominate their representatives to the Council of the Alliance and similarly the Alliances nominate theirs to the Council of the Federation.

If you count by heads, there is a considerable number of small, or I should say, very small printers, who do not belong to the Federation but actually the Federation comprises master printers who employ probably about ninety per cent. of the printing employees of the country. Again, a fair number of these may be what is called non-union or open houses, but probably about eighty per cent. of the employees of the members of the Federation belong to Unions affiliated to the Printing and Kindred Trades of the United Kingdom.

The Federation has no way of *compelling* its members to respect its decisions, but in practice members rarely fail to do so.

Next, as to the Employees' side. These, as far as they belong to the affiliated Trade Unions, are grouped in some fourteen Unions. Some of these are national, e.g., the Amalgamated Society of Lithographic Printers, the National Society of Operative Printers and Assistants (known for brevity as the "Natsopa") etc., covering both England and Scotland; others are only partially national, e.g., the Typographical Association, which covers covers the whole country, except Scotland and London; others are still more local, e.g., the London Society of Compositors, strictly confined to London; the Society of Women employed in the Bookbinding and Kindred Trades, confined to Manchester, etc.

All these Unions, with perhaps occasional temporary exceptions, are brought together in the Printing and Kindred Trades Federation of the United Kingdom.

Finally, there is the Joint Industrial Council of the Printing and Allied Trades of the United Kingdom, which is composed of (1) Employers who are members of the Master Printers' Federation, who employ members of a Federated Trade Union, and (2) Trade Unions affiliated to the Printing and Kindred Trades Federation of the United Kingdom. There is a proviso that no members of any organization not in harmony with the objects of both Federations shall be eligible for membership of the Council.

The Council also comprises on the Employers' "side," the Newspaper Society, consisting of employers in the provinces who print daily or weekly newspapers, and the Master Bookbinders' Association; and the Employees' "side" comprises the National Union of Journalists.

The Council has, according to its constitution, a great many objects, but these can, for practical purposes, be reduced to the following heads:

(1) To secure complete organisation of Employers and Employees throughout the trade.

(2) To promote good relationship between employers and employed, to devise ways of settling any differences that may arise, and to do everything for the improvement of the trade and its conditions.

(3) To establish uniform working hours and conditions.

(4) To assist in maintaining reasonably remunerative prices.

(5) To try and minimise unemployment.

(6) To secure recognition by all persons in the trade of agreements as to wages and working conditions.

(7) To take in hand the question of apprenticeship conditions.

(8) To consider any proposed legislation affecting the trade.

(9) To insist on clean, healthy workshops.

(10) To encourage friendly intercourse, sports, social clubs, in industry.

(11) To encourage welfare departments.

Arrangements are made for a branch of the Council to be set up in Scotland for purely Scottish affairs, and for District Committees of the Council, all subordinate to the National Council, to be set up wherever required.

The Committee, which meets regularly once a quarter, does its work mainly by Committees, of which there are the following : General Purposes, Finance, Organisation, Conciliation, Health, Unemployment, Apprenticeship and costing.

Its Chairman is appointed each year from the Employers and Employees alternately. It has no whole-time Secretary but is admirably served in this respect by the Secretaries of the two Federations.

The Council has now existed for over seven years, and it remains to take stock of its activities. It is true it was momentarily submerged in the maelstrom that overtook most of our industries last May, but a notable aspect of the meetings of the two Federations that took place at the

termination of the Strike in order to devise measures for the immediate resumption of work, was the conviction, almost taken for granted on both sides that it was essential to restore the Council, and even strengthen its powers.

The Committee to which perhaps this Conference will attribute most importance is the Conciliation Committee, of which the object is to find a way out of disputes and differences likely to cause Strikes or Lock-outs. The Rule states that no Strike or Lock-out shall occur, and no aggressive or coercive action shall be taken until the matter has been either before a District Council with consent of the parties, in the case of a local dispute, or before the Conciliation Committee of the J.I.C. in the case of a national dispute, or, if jointly desired, of a local dispute, and that pending such reference the dispute shall remain in abeyance, the members of the Union to remain at work, and the employer concerned not to persist beyond the point of protest. Both parties are to conform to normal conditions pending the reference.

In the case of a national dispute, the Secretaries of the J.I.C., as soon as they are notified of any trouble, are to arrange for a meeting of the Conciliation Committee within seven days. If the Committee fail to effect a settlement, the Committee have the power to authorize the convening of a special meeting of the whole J.I.C. within fourteen days, and pending such reference the dispute is to remain in abeyance.

Now let us take the composition of the Conciliation Committee, and for the sake of simplicity, we can focus our minds on cases of national dispute. It is composed of the President, and Vice-President of the Council, for the time being, and four members of each side of the Council, the joint Secretaries being in attendance. The members selected from each panel are selected by the disputants, and though it is not so actually laid down, it has become, in process of time, an almost unwritten law that the eight selected members should not be too closely connected with the disputants.

It is the duty of the Joint Secretaries to draw up the

Terms of Reference, in consultation with the parties concerned.

The parties to the dispute appoint their representatives; the parties may be a National Union on one side and the Employers' Federation on the other, or if it is a local dispute remitted from a District Council, a branch of a Union and a particular firm of employers. In the latter case, no objection is usually taken to the branch of the Union being assisted, if not represented by their National Secretary, or in the case of a firm of Employers, to their being represented by some prominent employer such as the Chairman of the Labour Committee of the Employers' Federation. But neither side has ever been represented by legal Counsel, or by anyone outside the printing trade.

The procedure is for the party which considers itself the injured one, to state its case, to which the other side makes reply. Either side can bring witnesses. Questions are usually put by the Committee, which then asks both parties to retire, and proceeds to arrive at a finding. To do this, it is necessary to have a majority both of employers and employed. It may be said that members do their best to divest themselves of any partisanship, and are in the habit of expressing their opinions with plenty of independence.

The finding, when reached, and a finding nearly always is reached, is not binding, for it cannot be too strongly pointed out that it is a Conciliation Committee and not an Arbitration Board. It used to be the practice in earlier days to ask each party at the beginning of the proceedings if they were willing to abide by the findings reached, but inasmuch as it is frequently necessary for one side or the other to refer the finding to their Executive or Federation, the practice has lapsed.

It is pleasant to have to state that out of some forty Conciliation cases that have come before the Committee in the course of nearly eight years, in only two has the finding been disregarded. Further, with the lapse of time the recourse to the Conciliation Committee has become more frequent, the number of cases for each year

since 1919 having been as follows: two, one, six, one, five, six, nine and ten.

The success, for such it may be claimed to be, of this part of the work of the J.I.C., may be sought in the fact (1) that, as has been already mentioned, there is no question of Arbitration, or of enforcing the decisions reached, but it is a case of conciliating the two parties; (2) the Conciliation Committee do not, as a rule, attempt to fix rates of wages or working conditions; and is due (3) to the real spirit of impartiality that has been displayed on either side; (4) to the good sense of employers and employed in accepting the decisions, however distasteful they may be at the moment.

Although no absolute solution of difficulties in the printing trade is claimed for the Conciliation work of the J.I.C., it has weathered considerable storms, the chief of these being in its early days when demands for general increase and decreases of wages were of fairly frequent occurrence.

In conclusion I may add that at the present moment both sides are separately considering the advisability of the legal enforcement of J.I.C. agreements in view of the possible introduction in Parliament of a Bill to this effect.

## *MR. C. R. FLYNN'S SPEECH*

Mr. C. R. Flynn (National Union of Distributive and Allied Workers):

This morning I feel that we ought to examine the position of the J.I.C.'s as far as we can by comparison with the objects for which these Councils were established.

First of all, the spirit which brought these Councils into being has not persisted. In 1918, when most of them were established, there was an idea that the comradeship of the trenches would be brought into industry. I feel that the Industrial Councils, although they started with the intention of progressing very rapidly towards securing

the complete adoption of the principles laid down, have made very little progress towards that end during the latter years of their existence.

Those things which came originally from the establishment of the J.I.C.s are in the main the only things that are worth having, or are worth doing.

The Joint Industrial Councils did make it easier for the employers to become federated and for the workers to get some understanding between themselves and to make possible collective negotiations in certain industries.

They did bring about a certain advantage, especially in industries where a number of competing Trade Unions were organizing the employees of the industry and who were compelled to take joint action through the Industrial Councils in the matter of negotiating the employees' side of industrial questions. In the industries covered by the J.I.C.s we found the employing organizations coming much closer together than they would have done had they been drawn together under the auspices of other well-meaning bodies.

The unfortunate thing is that during the period from 1918 onwards a large number of Joint Industrial Councils have gone out of existence. Some of them have gone out of existence merely because one side or the other was attempting to carry out the intentions of the J.I.C. Whitley scheme. For instance, in the case of the J.I.C. for Road Transport, about which the Chairman knows a good deal, I think he will agree that the J.I.C. for the Road Transport industry broke down because the employees' representatives were desirous of ascertaining the costs and charges in the industry as a determining factor so far as their wage applications were concerned.

Only the Pottery Industry J.I.C. can be said to have achieved the full intention of the Whitley scheme.

In discussing the present position of Industrial Councils we should consider the position at their inception and find out if their objects have been realized, and ascertain how far they have fallen short of their objects and what steps are proposed to remedy the well recognized defects.

A good deal of the speech delivered by Miss Wilkinson and the criticism of Miss Carlin on the experience of practical Trade Union officials in regard to the effect of Trade Boards on Trade Union organizations can apply with equal force to the J.I.C.s. The first Whitley Committee Report stated "An essential condition of securing a permanent improvement in the relations between employers and employed is that there should be adequate organization on the part of both employers and employed."

In the J.I.C.s of which I have a knowledge, this essential condition has not been realized or even maintained. Taking the Flour Milling Council we have found a marked tendency on the part of employers to leave the J.I.C. when decisions were made with which they disagreed, and as far as I know in the North-Eastern district of England, no additional affiliations have taken place to make up for the loss.

Similarly, I do not know of any cases where improved Trade Union organization has taken place since this Council was reformed. We stand in organization just where we did when the first agreement was made by the Joint Council.

Despite the criticism of Miss Wilkinson, she is a practical Trade Union official who has had to stand at the factory gate and do this work, and her experience is valuable on that account. Just as Miss Wilkinson and Miss Carlin told you of the effect of Trade Board rates, so in the industries covered by Joint Industrial Councils we meet the question asked by the non-unionist when we attempt to organize him, "Why should I pay my contribution to your organization? Can you give me anything which I cannot otherwise get through the decision of the J.I.C.?"

At the present time the position of the J.I.C. is practically that, as Unions, we conduct our negotiations in a joint way with the Employers' Federation on the same lines as the shipbuilding or engineering Unions negotiate with the Employers' Federations in their industries. There is little or nothing to distinguish our procedure

under the J.I.C. from the procedure we would be compelled to adopt if there were no J.I.C.

As Mr. Leggett pointed out in his Report of July, 1923, the Works Committee idea has not taken on and there has been little improvement since then, whilst the proposal to effect a permanent improvement in the relations between employers and employed on something other than a cash basis is not evidenced in the experience of those of us who have been closely connected with Industry and negotiations. In fact, so far as I can see, there has been no advance whatever in the direction of workers' control, or admission to the responsibility of management or direction.

Perhaps a clearer idea of the extent of what might be described as the failure of J.I.C.s would be better seen on reference to the Committee's report of March, 1917. Amongst other things, the Councils seek to secure :

(1) The better utilization of the practical knowledge and experience of the workpeople.

(2) Means for securing to the workpeople a greater share in and responsibility for the determination and observance of the conditions under which their work is carried on.

(3) The establishment of regular methods of negotiation on issues arising between employers and workpeople, with a view both to the prevention of differences and to their better adjustment when they appear.

(4) Methods of fixing and adjusting earnings, piecework prices, etc., and of dealing with the many difficulties which arise with regard to the method and amount of payment apart from the fixing of general standard rates, which are already covered.

(5) Technical education and training.

(6) Industrial research and the full utilization of its results.

(7) The provision of facilities for the full consideration and utilization of inventions and improvements designed by workpeople, and for the adequate

safeguarding of the rights of the designers of such improvements.

(8) Improvements of processes, machinery and organization and appropriate questions relating to management and the examination of industrial experiments, with special reference to co-operation in carrying new ideas into effect and full consideration of the workpeople's point of view in relation to them.

(9) Proposed legislation affecting the industry.

Largely the experience which I have mentioned applies to the Flour Milling industry, but the same applies to the Soap and Candle and other trades.

However, I must admit that so far as conditions are concerned, the improvement made by setting up these Councils in the first instance, so far as the Flour Milling industry was affected, created what was practically a revolution in the industry so far as wages and conditions were concerned, but little or no progress has been made since. We have merely been concerned with adjusting wages as the cost of living was rising or falling.

This has led to discussions on various Councils of possible means whereby the Councils might be able to rectify the failures which have become apparent in the system. The chief proposal appears to be that of securing enactments whereby the Ministry of Labour would be given powers to endorse certain voluntary agreements arrived at, this endorsement to provide penalties for non-observance of the agreed rates. Presumably the work of the registration of agreements would be handed over to the Industrial Court, to whom the parties could petition and arising out of a hearing the Court's findings would be reported to the Ministry of Labour who would make the Order, and sums due to workers under such Order would be recoverable.

Joint Industrial Councils with the added power of securing legalization of minimum wage rates would be, in my opinion, an improvement on the Trade Board system, as it would be on the strength of membership that representation would be secured, cases fought, and decisions received, whilst on the other hand, the

Trade Board system gives a premium to unorganized workers who secure the advantages of Trade Union representation and advocacy without meeting the costs of such service.

At the same time it is necessary to examine the position very carefully from a Trade Union point of view to see whether the disadvantages do not outweigh the advantages. I have had the privilege of hearing Mr. Poulton earnestly and eloquently arguing for this legal sanction at successive Trade Union Congresses, and I feel that I ought to place the position of those Unions, like the one I represent, which view the proposal with distrust. So far as we can see, the only chance of the resolution being embodied in legislation would be on the lines of the Joint Industrial Councils Bill, which passed a second reading in the House of Commons. When the Industrial Council Bill was before the country in its original form, it imposed penalties upon employers who failed to pay the legal minimum rate, but it also proposed to penalize workpeople and their organizations if they attempted to take industrial action for rates beyond those laid down in the agreement. It will be seen that this does not fall in with the suggestion made by Prof. Hobhouse yesterday, namely that Trade Union officials with their dialectical skill could persuade employers to pay above the Trade Union minima. In the case of J.I.C. rates they would not be allowed to do so. It would mean that we would be legalizing standard rates of pay but the effect would be the same as in the case of Trade Boards except for the fact that in the latter case you legalize a rate framed in most instances to meet the case of the worst or worst placed class of employer while in the case of the standard rate you reach an average position arrived at after the worst employer has used all his influence to keep down the rate as low as possible.

But a more dangerous position from a Trade Union point of view would be created by the suggestion that workers' organizations could be proceeded against.

Perhaps I might be permitted to quote the summary of the position by Mr. J. H. Thomas, who said :

"If this debate is to be determined on the speeches, probably this resolution will be carried, because the argument, as put up, can be summarized in a sentence. 'Is it fair,' say the movers of the resolution, 'if we get in an industry ninety per cent. of the employers to agree to something, that the other ten per cent should be allowed to remain outside?' 'Therefore,' they say, 'it is only fair to compel that ten per cent to come inside.' Is anyone in this Congress going to get up and say that they are prepared to have the Trades Disputes Act altered, so that a Trade Union instead of being treated as an incorporate body that can neither sue nor be sued is to be sued? We fought that battle over with my Union at a cost of £40,000, and obtained a judgment which proclaimed for all time that a Trade Union was exempt so far as the law courts were concerned. Apply this resolution. Obviously you must know it cannot apply to the employers alone; you know that, and the movers of the resolution know it. Very well, then, it applies penalties—it must do so or there is no sense in it—and immediately it applies penalties your Trade Unions have to go to Law Courts. That is the reason why all previous congresses have opposed it; not on the merits of trying to force bad employers—we all want to do that—not because we do not want to see the Industrial Courts function—I want to see that—not because we do not want to see sweated conditions wiped away, but because the day you allow Parliament to interfere with your Trade Union Act and make the Trade Unions responsible in law—that day your Trade Union loses its independence."

Mr. Poulton's resolution was, however, carried, and it is interesting to observe the sequel. It is contained in the report of the General Council to Congress in 1926.

The following resolution was passed by the Scarborough Trades Union Congress (1925):

> "That this Congress instructs the General Council to urge upon H.M. Government the desirability of giving to National Agreements voluntarily entered

into and approved by Joint Industrial Councils or other similar bodies the same validity as awards under the Trade Board Acts, 1909 and 1918, with the object of ensuring the observance of fair conditions of labour by all engaged in the industry whenever requested by the parties to the agreement."

The General Council intimate and report their examination of the Industrial Councils Bill which received a second reading in the House of Commons in May, 1924. Their report follows the lead given in the speech of Mr. Thomas, and they propose in their 1926 T.U.C. report to pursue the matter and draft a Bill limited to the endorsement of an agreed minimum wage.

It will thus be clearly seen where the Trade Union movement stands on the question of giving legal sanction as suggested by Mr. Poulton.

In conclusion, might I summarize the position and the fundamental and essential conditions which the Trade Union movement will require :

(1) A guarantee of the integrity of Trade Unions against the lapsing into non-unionism of those covered by J.I.C. legalized decisions.

(2) No placing in jeopardy of the hardly won rights of Trade Unions.

Finally, in view of the suggested legislation curtailing the power and privileges of Trade Unions by the present Government, it is inadvisable at this juncture for the Trade Union movement to advocate extensions on the lines indicated.

## *MR. E. L. POULTON'S SPEECH*

Mr. E. L. Poulton, J.P. (Member, Governing Body, I.L.O., Gen. Sec., National Union of Boot and Shoe Operatives) said : The previous speaker has said that he has no doubt I will deal with a certain point in regard to the minimum rate of wage and a special resolution passed at the Trade Union Congress. As a matter of

fact, I have no reference to it in the paper I am going to read, which is upon entirely different lines ; so that the speaker will quite understand that it is not out of any disrespect, far from it, in my not answering his point, but because I am dealing with an entirely different question in a different manner. I understood I was to give a paper setting out the beginnings of the Councils and their existing position.

Whitley, or Joint Industrial Councils, were really a development of machinery hurriedly set up during the War to deal with Industrial matters, such as Wages, Hours of Employment and general conditions. Thus it was decided in October, 1916, to establish a Sub-Committee of the Reconstruction Committee with the following terms of reference :

(1) To make and consider suggestions for securing a permanent improvement in the relations between employers and workmen.

(2) To recommend means for securing that industrial conditions affecting the relations between employers and workmen shall be systematically reviewed by those concerned, with a view to improving conditions in the future.

Chairman : The Rt. Hon. J. H. Whitley, M.P. (Chairman of Committees, House of Commons).

The Committee presented an interim Report to the Prime Minister on May 4th, 1917. Amongst the principal points were the following :

" The Report recommended, in view of the necessity for the continued co-operation of all classes after the war, and especially of employers and employed, " the establishment for each industry of an organization representative of employers and workpeople, to have as its object the regular consideration of matters affecting the progress and well-being of the trade from the point of view of all those engaged in it, so far as this is consistent with the general interest of the community."

The means to this end suggested by the Committee were, briefly, that the Government should propose without

delay to the various organizations of employers and employed the formation of Joint Standing Industrial Councils in the several industries. The Councils, it was proposed, should consist of representatives of the associations of employers and workpeople meeting at regular and frequent intervals for the consideration of such matters as :

(1) The better utilization of the practical knowledge and experience of the workpeople.

(2) Means for securing to the workpeople a greater share in and responsibility for the determination and observance of the conditions under which their work is carried on.

(3) The settlement of the general principles governing the conditions of employment, including the methods of fixing, paying, and re-adjusting wages, having regard to the need for securing to the workpeople a share in the increased prosperity of the industry.

(4) The establishment of regular methods of negotiation for issues arising between employers and workpeople, with a view both to the prevention of differences, and to their better adjustment when they appear.

(5) Means of ensuring to the workpeople the greatest possible security of earnings and employment, without undue restrictions upon change of occupation or employer.

(6) Methods of fixing and adjusting earnings, piecework prices, etc., and of dealing with the many difficulties which arise with regard to the method and amount of payment apart from the fixing of general standard rates, which are already covered by paragraph (3).

(7) Technical education and training.

(8) Industrial research and the full utilization of its results.

(9) The provision of facilities for the full consideration and utilization of inventions and improvements designed by workpeople, and for the adequate safeguarding of the rights of the designers of such improvements.

(10) Improvements of processes, machinery and organization and appropriate questions relating to management and the examination of industrial experiments, with special reference to co-operation in carrying new ideas into effect and full consideration of the workpeople's point of view in relation to them.

(11) Proposed legislation affecting the industry.

This report was considered by the War Cabinet on June 7th, 1917, it being decided that the Ministry of Labour should circulate the report to the leading Trade Unions and Employers' Associations. This was done, and the Report was sent to 146 Trade Unions, 37 Federations of Trade Unions, and 107 Employers' Associations and Federations, and the following general organizations : The Parliamentary Committee of the Trade Union Congress, the General Federation of Trade Unions, the Federation of British Industries.

Of the 103 replies received by mid-September, 1917, none opposed the principle of the Report ; eighty-six (including fifty-seven Trade Unions and Federations and twenty-five Employers' Associations) attached various conditions which they considered essential to the establishment of Joint Industrial Councils ; while five (including two Trade Unions and three Employers' Associations) opposed the application of the proposals to their respective industries.

In view of the favourable reception of the Report and the policy indicated in the first " Whitley Report " it was adopted by the War Cabinet in October, 1917. The decision was announced to the Trade Unions and Employers' Associations in a letter sent out by the Minister of Labour (The Rt. Hon. G. H. Roberts, M.P.) under date 20th October, 1917. In this circular letter it was explained that the proposal to set up Industrial

Councils indicated no intention to introduce an element of State interference which had hitherto not existed in industry ; in fact, the Councils would be autonomous bodies and would in effect make possible a larger degree of self government in industry. The scheme was certainly not intended to promote compulsory arbitration.

The second Report, signed on October 18th, 1917, dealt with less organized industries and particularly with Trade Boards; thus I do not feel called upon to deal with that question.

The third Report dealt with Works Committees and their general functions. A fourth Report dealt wth Conciliation and arbitration, whilst the final Report, published on July 1st, 1918, summarized the general position and re-affirmed its conviction of the urgency of the matter.

It is probably true that Joint Industrial Councils have in certain respects fallen short of what was expected of them by one section of the community ; on the other hand they have been a source of help in maintaining unimpaired conditions which, but for their existence, would have been altered in a downward tendency.

### *District Councils and Works Committees*

The progress in the establishment of District Councils and Works Committees has varied widely among the several industries. Such decentralization formed an important part of the recommendations of the Whitley Committee. A large proportion of the District Councils established are in the Government, Municipal and other public utility services, and this result, having regard to the circumstances in which these services are carried on, is not unexpected. In the case of industries which are localized to a substantial extent, such as Chemical Manufacture, Hosiery, Pottery, Soap and Candles, and in the case of those in which control was centralized District Councils have not, as a rule, been established. In other cases, various circumstances have caused National Councils to be unwilling to decentralize their

authority. Thus, the degree of autonomy given to District Councils has varied according to circumstances, and, generally, it may be said that the problem of associating the districts and separate establishments formally with the National Councils has proved to be one of great difficulty. It is, however, recognized to be one of great importance, and the full trepartite scheme which the Whitley Committee recommended is still far from completion. The developments as regards Works Committees are dealt with elsewhere.

### *Activities of the Councils*

In the abnormal circumstances of the period since the war the activities of the Councils have been to a large extent taken up in consideration of wages, hours and conditions of employment. In this field it may be said that the Whitley Scheme has had two important effects in the industries to which it has been applied. It has widened the basis of collective bargaining, and has instituted permanent and systematic means for the review of wages and working conditions. In a large number of cases steps have been taken for the standardization of wage rates and of hours throughout the industry. Various principles have been adopted, including the grading and classification of establishments and localities, and the adjustment of wages on cost of living scales, in some cases based on the rates of wages already in operation in the various districts. Various other working conditions have been discussed and settled on a more comprehensive scale than was the case previously.

The "Whitley" Scheme, however, involved the discussion of subjects other than wages and hours, and, although the developments in the industries covered vary greatly, much progress has been made on the lines of securing consideration by the Councils of many such subjects. Among the matters dealt with have been unemployment, restoration of trade (including consideration of conditions abroad), research and the collection of statistics within the industries and from

responsible outside authorities, education, training and apprenticeship, welfare, health and safety, workmen's compensation, transport facilities, action under the Safeguarding of Industries Act, merchandise marks, postal rates, etc. etc.

It will be seen by reference to the Powers and Functions of a Whitley Council that there is very considerable scope for dealing with Industrial questions ; moreover, if such powers are used with a determination to secure the maximum benefit out of them, there is no doubt, in my mind, that they contribute considerably to the machinery by which regulations and agreements in industry may so operate as to do away with the necessity for either a Lock-out or Strike. There must, however, be the will to work the machinery fairly, and not to use it as a lever for accentuating differences, rather must it be used for removing injustice, for accelerating adjustments that necessarily call for dealing with in an ever changing world. I am convinced myself that upon the whole they have been of real benefit, not only to workman and employer, but to the community as a whole. They can be increased in usefulness if the spirit which brought them into existence is given practical effect to and thereby show that whatever may be the methods obtaining one hundred years hence ; here is a piece of machinery which can be used with advantage at the present time and used in a manner whereby reason and not brute force will and shall prevail in the settlement of questions calling for adjustment between employer and workers based upon giving both sides a fair and just hearing of their respective claims.

In connection with my own Union, the Boot and Shoe Industry, the Joint Industrial Council does not touch wages, hours of labour or conditions of employment.

The improvement in the health conditions obtaining in the industry, the consideration of the prevention of accidents and diseases, and the provision of special treatment where necessary for workers in the industry.

In addition, in 1919 a Holiday Scheme which provides for withdrawals at Easter, Whitsun, August and

Christmas holidays by a joint subscription, were set up under the auspices of the Joint Industrial Council. This has since been incorporated in the National Agreement governing the industry.

In this connection it is interesting to state that the following resolution was passed by the Joint Industrial Council in November, 1925 :

> " Organization of Industry.
>
> "This Joint Industrial Council for the Boot Manufacturing Industry supports clause 6 of the Preliminary Conference Agreement, September, 1913, viz. :
>
> > " For the more effective enforcement of any agreements, awards, or decisions, as well as for the general advantage of the Industry, the Federation and the National Union equally recognize the importance of their respective organizations being as numerically strong and as fully representative as possible of employers and operatives in all centres of the shoe trade,
>
> And is of opinion that the best interests of the industry will be served if all Manufacturers can be encouraged to join the Boot Manufacturers' Federation and all Operatives encouraged to join the National Union of Boot and Shoe Operatives."

## *MR. ARTHUR HOLLINS' SPEECH*

Mr. Arthur Hollins, J.P. (Pottery Industrial Council) said :

The formation of the National Council of the Pottery Industry was the result of a series of Conferences held at Lawton Hall, during the year 1917, and contemporary with meetings of the Whitley Committee, to discuss the industrial outlook, which involved four questions :

Problems created by the War change.

Defects of the industrial organization before the War.

Measures necessary to establish industry on a peace basis when the War was ended.

The type of industrial organization to be arrived at in the future.

Private and confidential conferences were held first by the Employers, followed by the Operatives, and lastly a joint conference between both parties.

Mr. Arnold Rowntree, Mr. E. H. C. Wethered, and Mr. Henry Clay were mainly responsible for the success of the conference, and on the formation of the Council, 11th January, 1918, they were made Honorary Members, in appreciation of their valuable services.

At the last Conference, Mr. A. L. Smith (the late Master of Balliol) presided over the meeting.

The Council comprised thirty members as Employers, and thirty Operatives, with the late Mr. A. P. Llewellyn as Secretary for the Employers' section, and myself for the Operatives' section. In addition to which, there were the three Honorary Members already referred to, and later Mr. E. A. R. Werner, H.M. Inspector of Factories, was made an Honorary Member.

I ought to mention that it was decided eventually to appoint a full-time Secretary in the place of the Joint Secretaries, and Mr. F. H. Hand, the present Secretary, was selected in April, 1919. One cannot speak too highly of his services to the Council.

The general object of the National Council is "The advancement of the Pottery Industry, and all connected with it, by the association of its government of all engaged in the Industry." Several Committees have been appointed to carry out any work which comes within the scope of the general object.

### *Organization Committee*

"To consider means whereby all manufacturers and operatives shall be brought within their respective organizations" is the chief duty of this Committee.

Some useful work has been accomplished in the direction of focussing the attention of the Employers and Operatives to Trade Unionism.

Each factory is supplied with placards which are placed in prominent positions where they will attract the attention of the Operatives. On these placards the workers are urged to join their respective organizations, and the Employers are requested to give every facility to the Trade Union officials to do organizing work on the firm, provided there is no interference with the employment of the Operatives.

*Wages and Conditions Committee*

The duties of this Committee are :

"The regular consideration of wages, piece-work prices, and conditions, with a view to establishing and maintaining equitable conditions throughout the industry.

"To assist the respective associations in the maintenance of such selling prices as will afford a reasonable remuneration to both employers and employed.

"The consideration and settlement of all disputes between the different parties in the industry which may not have been possible to settle by the existing machinery, and for the establishment of machinery for dealing with disputes where adequate machinery does not exist.

"The regularization of production and employment as a means of insuring to the workpeople the greatest possible security of earnings."

The Committee has not met very frequently during the past two or three years, but in the earlier years it was occupied in formulating Model Rules and Regulations, for Works Committees, Apprenticeship Schemes for assisting those persons whose apprenticeship had been interrupted by War service, and the entry of apprentices into the Pottery Industry, and their training.

On the latter point a long series of meetings have been held but ultimately the work was taken over by a specially appointed Apprenticeship Committee, which has not yet completed its work.

The formation of Works Committees was and is still encouraged and I personally attended Dinner Hour meetings in factories, to explain the mode of procedure as to their formation and the scope of their work. Later the Ministry of Labour gave the Council the assistance of a Liaison Officer, whose duty it was to pay visits to factories where it was desired to form a Works Committee, to report the results of his visits each month to the Committee.

### *Statistical Committee*

The objects of this Committee are :

> " The collection of full statistics on Wages, Making and Selling prices, and average percentages of profits on turnover, and on Materials, Markets, Costs, etc., and the study and promotion of scientific and practical systems of costing to this end.
>
> " All statistics shall be verified where necessary by Chartered Accountants, who shall make a statutory declaration as to secrecy prior to any investigation, and no particulars of individual firms or operatives shall be disclosed to anyone.
>
> " Enquiries into problems of the industry, and where desirable, the publication of reports."

Through this Committee a census of operatives was taken in 1922. Returns from employers have been obtained for several years with regard to profit on turnover. The operatives have not yet been able to persuade the employers to give the ratio of profit on turnover to capital.

An approximate figure has been fixed for the percentage allowance for Depreciation, Rent, Directors' fees, etc.

The average wages earned and hours worked by the operatives were obtained in July, 1922, from a limited

number of factories, but the information was never put to any useful purpose.

*General Purposes and Finance Committee*

Apart from finance, this Committee deals with matters which do not come under any other Committee, but is mainly concerned with " representation of the needs and opinion of the industry to Government authorities, central and local, and to the community generally."

In the year 1918 the Committee had to deal with many acute problems arising out of the supply and prices of fuel, and raw materials, and the transit and railway rates of same, but these were only temporary due to the exigencies of the War.

Through this Committee, reports have been obtained of the Pottery Industry in Japan, Germany, and Czechoslovakia.

*Research, Inventions, and Designs Committee*

The following are the objects of this Committee :

" Improvement in condition with a view to removing all danger to health in the industry.

" The study of processes, the encouragement of Research and the full utilization of their results.

" The provision of facilities for the full consideration and utilization of inventions and improvements designed by workpeople, and for the adequate safeguarding of the right of the designers of such improvements."

Searching inquiries have been made into the question of atmospheric conditions in Potters' shops, with particular reference to the back draught from Potters' stoves, creating a humid high temperature in the shops.

Following these investigations, which were taken in collaboration with the Industrial Fatigue Research Board, the Committee undertook to consider the various types of Drying Stoves in existence, and have published several

reports pointing out the weaknesses of the older form of stove, and recommending several types which were efficient and conducive to better working conditions both from the point of view of output and health.

Special lectures covering a wide range of subjects have been given at the end of each Quarterly Meeting, of which the following are a selection :

> "Welfare, Lighting in Factories, Superannuation, Arbitration, Pottery Regulations, Saggar-marls, Oven Firing, Improperly pugged clay, Faults in Alkaline, Slip Casting, Dust Dangers."

With regard to the present position of the Council, although launched as a very vigorous youngster, it has not yet reached its manhood and probably is in its adolescence, which is a difficult and trying period.

It will be remembered that the Whitley Reconstruction Committee had under consideration :

> " To make and consider suggestions for securing a permanent improvement in the relations between employers and workmen.
>
> " To recommend means for securing that industrial conditions affecting the relations between employers and workmen, shall be systematically reviewed by those concerned with a view to improving conditions in the future."

At the same time, the Lawton Hall Conference was concerned with the defects of the Pottery Industry, prior to the War, and the measures necessary to establish the industry on a peace basis and the type of industrial organization to be arrived at in the future.

Both of the above bodies came to the same wise conclusion that Joint Industrial Councils were the medium for securing better relationships between employers and operatives.

Fortunately, the War ended in 1918, followed by a wave of altruism which arose out of the comradeship and common sacrifices during the War. The State introduced such measures as Training Schemes for disabled

soldiers, Interrupted Apprenticeship Scheme, and Soldiers' Pensions on a liberal scale.

The famous Education Act, 1918, known as the Fisher Act. The promises of an eminent statesman for the housing of the people away from the smoke and grime of the factories will also be remembered.

The psychological effect of all these factors tended to the smooth working of Industrial Councils.

Since the slump in trade beginning at the end of 1920, and the Coal lock-out in 1921, which accentuated the depression, there has been a very harassing time both for the Trade Unions and the Employers' Federation, and there has been a natural tendency for the new conception of the humanizing of industry of 1918 and 1919 to languish.

The National Council of the Pottery Industry has not been free from this reaction, but I have sufficient optimism to think that it is psychological and only a temporary phase.

At the same time it is important that there should be some overhauling of the functions of the Council as to how far its objects have been carried out.

If only from two standpoints, the Council has justified its existence.

First, it has accomplished much educational work, particularly through its Research, Inventions and Designs Committee, and the value to the industry cannot be estimated.

Secondly, in July, 1920, and again in March, 1924, the Council acted as Mediator and prevented threatened stoppages on wage questions in the industry.

In 1924, the Honorary Members, Mr. A. Rowntree, Mr. E. H. C. Wethered, and Professor Clay, were invited to act as mediators, and conducted an inquiry which lasted several months.

The work of the Council in the main has been educational, but it has been lacking in its personal touch with the body of employers and operatives outside the representatives on the Council.

On the question of Works Committees the following extract from the Whitley Report may be quoted :

> " It is not enough to secure co-operation at the centre between National organizations, it is equally necessary to enlist the activity and support of employers and employed in the districts, and in individual establishments.
>
> " The National Industrial Council should not be regarded as complete in itself.
>
> " Works Committees representative of the Management of the workers employed, should be instituted in particular works to act with the National machinery.
>
> " The object is to secure co-operation by granting to the workers a greater share in the consideration of matters affecting their industry, and this can only be achieved by keeping employers and workpeople in constant touch."

Works Committees have not been a huge success in our Council, although many efforts have been made to establish them. The exact reason for this is difficult to state, but it is largely due to indifference.

It is said that the relative success of our Council is due to the question of wages being kept out of our discussions. As in several instances where such matters were a part of the Council's functions, either very little progress has been made, or they have ceased to operate.

In spite of this, my own opinion is that a Joint Industrial Council should include in its discussions any matters appertaining to the industry.

As one who believes that Brains and not Brawn must be the determining factor in wage disputes, I firmly believe that, living under a wage system as we do to-day, the Joint Industrial Council is the right body to undertake the fixing of Hours, Wages, and Conditions of Labour otherwise how can a better relationship between employers and operatives be established.

May I conclude with a passage from a circular issued

by the Government in 1917, which I think is just as applicable to-day.

> "The Government trust that representative organizations of employers and operatives will approach these problems not as two opposing forces bent on getting as much, and giving as little as can be contrived, but as forces having a common interest in working together for the welfare of the industry, not merely for the sake of those concerned in it, but also for the sake of the nation which depends so largely on its industries for its well-being."

In this spirit, I have every word of encouragement, for the National Council of the Pottery Industry and other Joint Industrial Councils to carry on the work which it was intended they should do, and I hope with ultimate success.

## *DISCUSSION*

Mr. Ben Russell (Nat. Union of General Municipal Workers) :

I have been rather disappointed with each of the speakers in that they have not attempted to analyse the causes of the failure of the position, and I want to turn your attention to this particular phase of the matter.

In doing so I am not going to give only my own experience but the experience of other men who are actively engaged in the Joint Industrial Council work. We have found that so soon as the betterment of conditions is proposed by the J.I.C., the various authorities immediately start threatening to leave the organization, and it is because of that that many of these Councils have gone out of existence. I have yet to learn of the failure of any Trade Union organization in keeping the spirit of Whitleyism prevailing inside these Councils. It seems to me and my active friends that the spirit of Whitleyism in 1918, when industrialists found themselves in difficulties, has entirely disappeared as a result of the terrible trade slump of 1920-21. The whole outlook is

different altogether from the industrial magnate's point of view, and it seems to me that we are giving ourselves away if we continue to work a system in which one side is entirely free to ignore the real basis on which we have met.

Take, for instance, the non-trading section of our municipalities; I happen to be Secretary of the Provincial Council, and there is not a fortieth part of the total Authorities in the area that are affiliated to that Provincial Council. Many of them have gone entirely out of existence. When you enquire, they tell you, "Well, we have left the Council because we are not going to recognize the wages which you set up while we are paying farm labourers so much less on the agricultural wages basis." The spirit of Whitleyism was, "Let us find out what is the basic rate, what should be the rate of maintenance, not entirely from the lowest possible rate that can be inflicted but from a humanitarian point of view." As soon as you do that, those in power turn round and say, "We will leave your Council."

I had a letter to-day from one who says, "The arrangements we have made in our locality are satisfactory to my Council." But they are not satisfactory to their workmen. They take no notice of their workmen.

It is all very well for us to ask that the spirit of Whitleyism should return, but it is not from the Trade Union side that the spirit of Whitleyism has departed from these Councils.

Miss Ruby Part (Workers' Union and Glove Trade J.I.C.):

I think we forget sometimes the spirit of Trade Unionism which rather led up to the establishment of the Whitley Councils. When they came into being, you will remember that the Trade Union movement was so well organized that I think I could say that the employers found that it was not exactly a protection but that some kind of machinery should be established so that Trade Unionism should take perhaps not quite the aggressive form which it threatened.

The Trade Unionists, when they agreed to serve upon the Whitley Councils, did think that they were going to get something more out of these organizations than has been the case. I think the employers fail to realize that the time has gone when laisser faire in industry must be recognized ; they fail to see that the workers of to-day are demanding something more out of industry than just even a living wage. Whilst I stress that it was a militant spirit amongst the workers which brought into being very largely the Industrial Councils, as a Trade Union representative I am going to admit that I think it is because Trade Unionism has perhaps ceased to be so militant that we are not getting the good out of Whitley Councils that we ought to get. I believe that they can serve a very good purpose indeed, provided that workers and the employers realize just the good that they can be put to.

When I first came into the Trade Union movement I learnt a very useful formula, that employers are no better than the workers compel them to be, and they are no worse than we allow them to be. I think that is something which we have to remember when we are talking about the Whitley Councils.

As a member of the Glove Industrial Council I have permission to give just a résumé here of the work which that Council has done. We are not perfect by any means, and I have disagreed with them as a member on some of the things which have been put into operation, but we do not, like a large number of other Councils, get very far beyond being just a wages board. It is true we have established apprenticeship systems. We have gone into the question of research. We have dealt with unemployment and matters of that description, and the Council successfully stated its case in order to get protection under the Safeguarding of Industries Act. I was one of the members who opposed such a procedure, believing that our salvation rather lay in the establishment of international minimums. . . .

One of the speakers this morning suggested that in some of the factories there are notices posted up that the

workers must be or should be members of their Trade Union. That has been done in the glove trade, but something more than that has to be done. It is no use putting up a notice which is just lip service to Trade Unionism and the employers all the time having the power to tell the workers, "Well, if anyone is too active in this industry in the question of Trade Unionism, they will get notice." You have to have something more than that. You have to have your employers recognizing that there is a growing force and usefulness in Trade Unionism, giving facilities to the officials to go on to the factories and represent the workers on every matter which affects them. I want to see something more than just the Councils being used as a lever for raising or reducing wages. I hope to bring about the time when the employers will be perfectly frank on those matters on which they expect us to be perfectly frank.

I do not know if any of you, in discussing wages questions have ever considered how we as workers have to present our cost of living bill to the employers. They do not do the same and present their cost of living figure to us. On the Whitley Councils I think you will find, when it comes to wages negotiations it is all giving on one side. We must have more frankness. We must have the employers realizing that the time has come when the workers must be recognized as a live factor in industry, not only to get a living wage out of industry but they want to take their share in the management of the industry. Until the employers realize that, I am afraid the Whitley Councils will not serve the useful purpose which I believe they were intended to fulfil.

Alderman G. P. Dean (Nat. Union of General and Municipal Workers):

We have heard this morning a good deal about the spirit which has departed. In order to understand fully the departure from that spirit, I think we must throw our minds back to the initiation of the Whitley Council idea.

In the first instance they were initiated by a Government for a purpose. . . .

One of the purposes I think Mr. Poulton mentioned

this morning, a very important thing, which was that they should be considered by the Government of the day as Joint Consultative Committees with them in connection with the industry for which they were set up. When has a Government consulted a Whitley Council on any subject whatever from that day to this ?

The Government also led us to believe that in every possible way they would as a Government help us in carrying on Whitley Councils where there were recalcitrant people on the employers' or employees' side. Why, sir, I have been a member of deputations, perhaps twenty times, to the Department concerned for the purpose of doing simple things with regard to helping a Whitley Council or Whitley Councils to function. Have we ever been received sympathetically in that direction by the Government Department ? Never once. . . .

The spirit has departed. In the first instance the Government did take the employers under their wing for the purpose of starting us. We started in perfectly good faith and hoped the other side would continue in perfectly good faith. But the moment we started to do the first thing necessary, to lay down scales of wages, at that moment there started secessions by employers. These secessions have been going on ever since. In spite of that, the Whitley Councils have continued and have been doing good work. On the employees' side those who were there originally are there to-day, and are prepared to work with the employers. In so far as the employers have remained in an important council with which I am connected, they are working very successfully with the employees' side.

Mr. A. E. Evans (Association of Teachers in Technical Institutes) :

Mr. Chairman, it is with diffidence that I appear to drag in what you might think a King Charles's head, because apparently the main topic of discussion this morning is wages and conditions. But Mr. Poulton has reminded us that when the scheme was first mooted, such a thing as technical education and research was also within the ambit of the consideration of the Council. I

would suggest that as Mr. Poulton has practically admitted that as far as wages and conditions are concerned, the Councils have not been a great success, that they might possibly perform a very useful function in getting the J.I.C.s to operate as a link between industry and the technical industrial education of the country.

If the J.I.C.s can act as that link between education and industry, they will perform a very vital function.

Many of you have the idea that all we are concerned with is the training of children to become factory fodder. Nothing is further from the idea of the average technical teacher. If that idea can be dispelled, it will be one of the best things that has been accomplished. One or two of the J.I.C.s have attempted to deal with this question, but I would utter one word of warning. The J.I.C. for the Flour Milling Industry has an Education Committee which has launched upon the world a rather grandiose scheme of examinations. The people drafting the scheme had not expert knowledge. They have tried to remedy that state of affairs by co-opting on their Council people with that expert knowledge, but that has not yet eradicated the false start first of all made.

Therefore I would just close by saying that I hope the J.I.C.s will consider this question of a liaison between education and industry, and that the J.I.C.s should have representatives upon them to help in facilitating the operation of this scheme.

Alderman W. Walker (Chairman, National Council Electricity Supply Industry):

All the speakers so far appear to have come from the Trade Union side, and therefore it would be as well for an employer to speak.

First of all, may I deal with that particularly hard question of the falling away from the Trade Union of workers, because they believe the conditions within the industry have been stabilized and that therefore they are fully secured without continuing to contribute to the Trade Unions, and the failure on the part of the employers to make a real attempt to bring them back again within the fold.

In the Electricity Supply Industry the employers have put up pretty strong posters within the works, pointing out that in fairness to themselves and the Trade Union they ought to belong to it because it is through the Trade Union representatives that they are enjoying the conditions under which they are working. I have some personal acquaintance with the workers themselves and their point of view. In addition to being Chairman of the National Council, I am Chairman of the Works Council, elected by the workers themselves each year, and I like to keep in very close personal touch with the employees.

I have tried to find out why there should be a falling away, and I find there are other causes than the one put forward that they believe wages are stabilized. We all know that in this country not all workers belong to one particular party. The voting at a General Election shows that they are pretty well scattered over the various political parties and some of them are very keen workers. I belong to a political party—I will not particularize it, it is not necessary (laughter)—and I find that on the District Committees of that political party we have a large number of workers ; the majority are actual workers and Trade Unionists in the industries within the area. Those people from time to time let out a grumble, and that grumble, whilst I know it can be met, is that they are being called upon to contribute to the other two parties whom they are in thorough disagreement with. I have said, " Well, why on earth don't you take advantage of the facilities given you for contracting outside ? " and some of them have done it.

I believe that something will have to be done about men of that character in the Trade Unions being called upon the whole of their lives to contribute whilst ardent workers in one political party to the success of the opponent of their own candidate for whom they are giving their whole time and their work.

Another thing that I have found out that is somewhat lessening the case of the working of the Industrial Councils is this. It is a complete case. An example has come up

just recently. You have first of all the organizations of the District Councils. In the National Council we are negotiating for conditions within an industry. Take, for instance, the holidays within the particular industry, fourteen days per annum for shop workers and seven days per annum for ordinary workers. Everyone of the big industries within the area, such as textiles, to their discredit I admit, give no holidays at all with pay. Having negotiated those fourteen days and seven days as an example at least to the rest, one of the big corporations within the area suddenly found itself involved in a violent quarrel with the Trade Union members of the Council, who demanded greatly increased holidays. I submit that that is not playing the game.

That is one of the little grumbles that we employers have some right to ventilate in a place of this sort, and ask our Trade Union friends to stop as far as they can that kind of friction.

As regards practical experience, I see here many of my Trade Union colleagues, and I think that they will agree with me that whilst we have differed and fought out our differences, we have always done it in the right spirit and we have never once failed to come to a genuine agreement on any subject we have tackled, and having once come to that agreement both sides have honourably done their level best to make it effective. When there has been an attempt on either side of some one or two to break the spirit of the agreement, the two sides together have sent representatives to bring moral persuasion on them to act in the spirit of what has been done. If employers and Trade Unionists will only use the Industrial Councils in that way, there is an enormous future for them and much more work than they have done up to the moment.

I think that a great deal can be done on the technical education side. The National Board has been told, "Get out a full complete scheme of education for electricity supply engineers from the elementary school to finishing at the Institute of Engineers." That can be done if we will only once get the idea that both sides are trying to do their best.

On the whole I submit that with the years of experience that we have had in that industry, I, as Chairman, watching it right from its inception, have come to the conclusion that it would be a grave disaster if anything happened to break up the Council within that industry. I have it on record that after it had ceased to function during the strike, the Trade Union representatives themselves in the document they issued stated that it was necessary to the progress of our industry that the National Councils should re-function as soon as possible.

Mr. Fred H. Hand (Association of Joint Industrial Councils):

I just want to correct what might be an erroneous impression which might be gained from one or two of the remarks made this morning.

Mr. Flynn rather gave the impression that very many Councils have gone out of existence and that they were doing so little, confining themselves entirely to wage questions that one might be quite forgiven for not taking a very black view of the Whitley Council movement. But that is not the fact.

Of the number of Councils which were established originally, 69 J.I.C.s and 33 Interim Reconstruction Councils, a total of 102, there have been 22 Councils disbanded and 26 Interim Committees either transformed into J.I.C.s, disbanded, or transformed into Trade Boards, so that we have at the present day 54 J.I.C.s and Interim Reconstruction Committees actively functioning. The majority of those are doing exceedingly good work. . . .

Take what those Councils are doing apart from wage questions. You get such questions as apprenticeships, the training and payment of apprentices, welfare and first aid, the health of operatives, lighting and improvement of workrooms, conciliation, unemployment, transfer of labour, unemployment insurance, payment for holidays, technical education, transport, foreign competition, and many other questions. Some of them are very actively engaged on these questions. I have been amazed at what they do. Some carry out certain phases

of the work which others do not. It is almost impossible to carry out everything contained in the suggested curriculum of the Whitley Committee, but some do certain things while others do other things. But they are working well.

MR. ROCK (National Union of Commercial Travellers): I would just like to ask any of the speakers present this morning, what percentage does fifty-four Councils cover of the organized workers or employers of the country country.

As regards the tendency—speaking as a Trade Unionist—you must remember that since their start they have shown a steady backward tendency in actual numbers. The tendency therefore in direction is wrong, so the assumption is that the longer they go on under the present spirit, the worse they will get. In conjunction with the operation of the Joint Councils for avoiding disputes, I think you have to bear in mind from the Trade Union point of view that in the last few years in which they have been set up, that the deductions of wages of the workers have amounted to over £500,000,000 per annum. This has operated somewhat on these lines, that in 1920 the total incomes under Schedule D, say, were £1,806,000,000, and that assessable income was pretty well divided between large incomes and weekly wage earnings, pretty well divided within limits, but in 1923 we find that there was a total loss assessable of income of £500,000,000, but that the large incomes had increased to a very great extent, and the total of £500,000,000 had been deducted from the wages of the weekly wage earners. I do think that the spirit which has been talked of, or rather the lack of spirit, on these Councils must be carefully borne in mind by Trade Union organizations in considering this matter.

MR. HAND: The respective organizations cover approximately three million workers.

CHAIRMAN: In closing the Conference, there are one or two things I would like to say. I notice a reference made to the Government Departments and the way in which they treat Joint Industrial Councils. I am not

going to say whether there are representatives of those Departments here or not, but at any rate I think there is a channel wide enough for that to reach the Government offices even at this moment and for an alteration in that particular practice.

I want to thank those who have given us the papers, those who opened the proceedings this morning and those who have joined in the discussion. You notice that the Chairman has allowed you to have your own way. Alderman Walker once led us into one of those discussions that some of us are having daily at this moment. However, nobody else has taken him up, but I do not think we can blame Joint Industrial Councils for those people who have not just enough strength, moral or what you like, to assert themselves in their Trade Unions. I must say that I know of no Trade Union that is penalizing people for their opinions or insisting upon them doing anything that is opposed to their conscience, and I am speaking out of a knowledge of most of the industries in this country.

# FOURTH SESSION

## JOINT INDUSTRIAL COUNCIL—PROPOSALS FOR RE-ORGANIZATION

The Fourth Session of the Conference opened on Wednesday, February 2nd, 1927, at 2.30 p.m., the subject under discussion being Joint Industrial Councils—Proposals for Re-organization. The Rt. Hon. G. N. Barnes, C.H., was in the Chair.

## *CHAIRMAN'S ADDRESS*

THE CHAIRMAN said :

I suppose that in the preparation of a Conference of this kind, it is inevitable that in certain cases the wrong pegs get cast for some places. And that is why I am presiding at this particular session which has to deal with the reorganization of Joint Industrial Councils. For the topic is one which, for its adequate treatment would require a good deal of inside knowledge of the defects of the existing organization and, as an outsider, that is just what I haven't got. I have no workshop experience of recent date except as an occasional observer.

I take it that the term " Joint Councils " includes Works Committees and Councils which, in our present stage of development are the most important parts of all the machinery for industrial conciliation. I am not belittling the importance of Trade Unions and Employers' organizations as affording the means for drawing up general conditions of employment, but I am inclined to think they have sometimes been invoked for dealing with things which could be far better dealt with at first hand and I am quite sure that there has been far too much theorizing about the workshops over the heads of those who spend their lives there. For that reason I am loth

to say another word, but would willingly give place to those of first hand experience.

But, as I am here and am expected to say something by way of opening the proceedings of this session perhaps I may usefully offer a few observations of a general character.

First, then, let me say I have formed the opinion, as the result of a good deal of observation, that the most important thing in connection with industrial co-operation between Employer and Employed is to get contact made between them where the work is done. When visiting certain of the best equipped and most successful factories in the country, I have always been struck with the fact of cordial relationship being found to exist between the two sides and I have in fact been convinced that the best equipment is no use without it. And in such cases I have found Committees for departments and Joint Councils for the general welfare work of factories. I have found also that the whole scheme has been found working harmoniously with the knowledge and sometimes with the co-operation of the Trade Unions and Employers' organizations.

Now that, to my mind, is the ideal condition of things. General questions of wages and conditions of employment are matters for joint consideraton for the employers and workers outside through their own respective organizations, but the interpretation and application of these conditions to the various and varying circumstances of workshops and factories—as well as matters of welfare which need not concern Trade Unionism—should be left for adjustment by Works Committees and Councils. And the more those Committees and Councils can be left alone the better will they do their work because that work depends primarily upon the removal of distrust which lies at the bottom of so much of our industrial ills. Trust can only come of actual contact and knowledge of detail.

I would therefore get back to the workshop and factory for the unit, or cell as it is called by our Moscow friends. Of course there must be a general scheme of things

agreed to by outside bodies but the actual worker must be given a better place in it than has been assigned to him hitherto. He has been regarded too much as a pawn to be manipulated, he must in future be treated as a human being with rights and duties. And he must be so regarded by his Union as well as by his employer.

What now should be the objective of Works Committees and Councils and how should they be organized ?

The objective should not only be the adjustment of grievances but the efficient production of goods. Grievances should in fact tend to disappear if Committees and Councils succeed in maintaining good will. But employers must contribute their part to good will by giving up secrecy. There must be full disclosure of facts and consultation on all matters bearing upon a schedule of items which might be agreed upon. This means a new mentality on both sides for it means on the part of the employers an admission of workers into a knowledge of the actual problems of industry and it means on the part of the the worker a definite break with anything in the nature of limitation of production.

In order to get this new mentality on the part of the worker he must be working under conditions which give a sense of self expression and this is a difficulty under our modern methods of specialization which in so many cases confines the worker to a narrow groove. The Council should therefore be so organized that it can be used to supply information of the industry as a whole and give the specialist worker an interest in it and it should be within its provinces to make representations to the management for transfer of workers from one specialized operation to another where application is made for such transfer.

In the actual structure of Works Committees and Councils no attempt should be made to supplant the Trade Union, on the contrary Trade Unionism should be encouraged and some sort of liaison connection made with it although just how that should be done would have to be determined by the circumstances of each case ; i.e. the size and character of the works. And if a number of

Trade Unions were concerned, it might be necessary for some grouping to get Trade Union representation. But apart from that the Committees should be elected by the workers without regard to Union membership, and the Councils formed by quotas from them.

Workshop management should be conditioned by consultation with and consent of representative labour on all questions involving change in status or pay of any body of workers as well as upon application or interpretation of agreements. New processes or machines which displace—or which might displace—workers should be matter of discussion as to how the change can be made with least trouble and this should necessarily be a matter for the Council of a factory as a whole rather than for a section, as ways and means could by the Council be sometimes found for alternative employment. And, in this connection, there is need also for connecting up the Councils of a district so as to get uniformity of practice. This is done in one case within my knowledge by an informal social meeting of employers and employed representatives once a month. Changes, either actual or projected, are there discussed and common policy determined in the light of common sense and knowledge.

Another point it seems to me is that foremen should be on the Works Committees and Councils. They occupy a very difficult position sometimes in allocating work which gives rise to demarcation disputes and I cannot but think that if reasons were given to Committees representing divergent interests on the Labour side a good deal of misunderstanding could be prevented. At present the foremen in too many cases are regarded as mere taskmasters and looked askance at by the workers. But, if efficiency is to be, as I think it should be, the objective of Works Committees and Councils, then it is obvious that there should be the closest collaboration on the part of the manual and mental worker so as to get results without undue physical strain. The foreman should be the link to make plain what might otherwise appear obscure.

And in the same way there should be periodical meetings of the Workshop Joint Council with the Managing Director of a factory so that the latter may supply information of a general character not ordinarily available in the workshop. In one case which came under my observation in Manchester, this practice was carried out with marked good results. Full information was given of the commercial as well as the productive side of the business and the best possible relationship was maintained notwithstanding that a scheme for sharing of profits was, at the time, yielding no profit to labour. There was none to share, after paying capital replacement and the knowledge of the fact rather acted as a stimulant to good will in production.

Workshop management should, I think, be conditioned by consultation with and consent of labour. What that may lead to in the future need not be a matter for any anxiety in the present. It is obvious that the day of autocracy in industry is going. We shall be wise in proportion as we see that it goes with a minimum of friction. Works Committees and Councils may contribute to that by bringing all the interests in harmonious working for the common good. They may add to the knowledge and increase the sense of responsibility of all concerned while putting no obstacle in the way of an evolution of industry in accord with human aspirations as well as economic requirements.

## *MR. FRED. H. HAND'S SPEECH*

Mr. Fred. H. Hand (Hon. Sec., Association of Joint Industrial Councils and Interim Reconstruction Committees) said :

Delegates are now all well acquainted with the origin of the Industrial Council Movement, and, from the views already expressed have a good idea of the present position of the standing and importance of Joint Industrial Councils.

Unfortunately this knowledge is not shared by a number of those engaged in industry and even in industries in which Joint Industrial Councils are established a very hazy conception of the movement is held by many who are not directly connected with the Council; some Members of Parliament confuse the Movement with Trade Boards, Industrial Courts and so on. It is of course more than nine years ago since the Reports of the Whitley Committee were circulated and that probably accounts to a large extent for the ignorance which is displayed to-day. In my opinion one of the first essentials is to educate the public on this question—to re-circulate the Reports of the Whitley Committee; to draw prominent attention to the recommendations therein contained and to advocate that various industries should make trial of the machinery and endeavour to carry out the principles of the scheme in spirit, as well as in fact.

For the progress and prosperity of this country greater efficiency, greater cohesion and greater output in various Industries is needed to enable them to compete in the world's markets, and to secure this it is imperative that there shall be a cessation of industrial troubles with the consequent loss of hours, orders and—more important—loss of confidence. There must be real co-operation, a better relationship between employers and employed, and the elimination of suspicion, for I am strongly of opinion that the curse of suspicion is the root cause of most of the misunderstandings in industry. Not only suspicion, but the causes of suspicion have to be removed. A sentence in the King's Speech when proroguing the last Session of Parliament, succinctly sets out the position: "It remains to us now to unite in effacing all bitter memories of the past and so set our eyes steadfastly upon the future, inspired by a common impulse towards genuine fellowship and sustained endeavour, upon which alone prosperity and happiness can be firmly based."

Again, the powerful plea made by the Government through the Minister of Labour in 1917 is as applicable now as then:—

> "I would again emphasize the pressing need for the representative organizations of employers and workpeople to come together in the organized trades and to prepare themselves for the problems of reconstruction by forming Councils competent to deal with them. The Government trust that they will approach these problems not as two opposing forces each bent on getting as much and giving as little as can be contrived, but as forces having a common interest in working together for the welfare of their industry, not merely for the sake of those concerned in it, but also for the sake of the nation, which depends so largely on its industries for its well-being."

By 1921, apart from Government Joint Councils and Government Trade Joint Councils, sixty-nine Joint Industrial Councils and thirty-three Interim Reconstruction Committees were set up. From a variety of causes a number have ceased to function and at the present time there are in existence other than the Government organizations, fifty-four Joint Industrial Councils and Interim Reconstruction Committees, covering approximately 3,000,000 workers. The reasons for the breakdown of the different Councils have been due mainly to ineffective organization, inability to apply to the industry concerned as a whole, decisions arrived at, and difficulties of wage adjustments.

That Joint Industrial Councils have been a factor for good cannot be gainsaid, for it must be admitted that industrial disputes have been very rare in those industries in which the Councils have been established. Both in the Reports of the Ministry of Labour and in that of the Committee on Industry and Trade, it is stated that the :

> "Councils have established for themselves a place in the industrial structure of the country, and carry within them possibilities of the highest importance of the future relations between employers and employed ;" and also, "they have proved valuable agencies for maintaining good relations and preventing

interruptions of production and also for promoting general welfare."

In a publication issued some time ago by the Trade Union Congress and Labour Party, "Industrial Negotiations and Agreements," it was stated that

> "the principal result of the setting up of Joint Councils was a good one—organization was encouraged and made stronger. . . . That there are two directions in which it has encouraged and extended some desirable features of an ordinary negotiating body. In the first place, it has brought together for joint action, unions catering for similar classes of labour or classes common to one industry, breaking down barriers; the mere existence of a body negotiating for practically all workers in an industry, being an achievement. In the second place, Whitley Councils are Standing Councils and not merely called together when a dispute occurs."

There are of course variations in the effectiveness of the different Councils. Some do not function to the same extent as do others, and, in the case of those which are operating most successfully they are not all uniform in their efforts and achievements.

There is no doubt, however, that many important results—quite distinct from wage settlements—have been achieved by various Councils. A perusal of the activities of the different Councils, attention to which I have drawn, in "Whitley Notes" in "Unity," the organ of the "National Industrial Alliance," shows that the following, amongst other matters, are dealt with in addition to wage questions: Schemes for payment and training of apprentices; improvement in working conditions covering lighting, heating, ventilation, cleaning, etc., of workshops; prevention and removal of dust; safety and first aid; welfare amenities; health matters; research into industrial problems for the benefit of both operatives and employers; prevention of waste; foreign competition; transport; training and education of

employees ; technical education ; payment for holidays ; unemployment insurance ; statistics in relation to industry ; methods of payment of wages ; works committees ; prevention and settlement of disputes.

From my observations as Hon. Secretary of the Association of Joint Industrial Councils, and from Reports which have been submitted to me, both personal and for publication, it is the general opinion of these industries that the Joint Industrial Council has proved of extreme value and that any suggestion as to its disbandment would be regarded as a disaster. But for its existence, there might have been from time to time sufficient friction as to considerably disturb trade, and agitations which would probably have led to serious troubles have been stopped in the early stages.

In the Flour-milling Industry, after a protracted investigation into the working of the Whitley Organization and of the Employers' Federation, carried out as a result of adverse criticisms—principally owing to the violation of national agreements during the general strike and of suggestions for alternative methods, it has been decided to retain the Whitley Organization and to make it more effective, inter alia, by (i.) the appointment of Standing Committees, (ii.) national agreements with due regard to local conditions, and (iii.) an endeavour to extend the system of Works Committees.

That there have been failures in the movement cannot be denied. The causes may roughly be ascribed to the following weaknesses :

(1) To the time of the Council being occupied wholly or almost so with wage questions, other important matters affecting the well-being of those engaged in the trade being disregarded.

(2) To inability to enforce decisions arrived at, members of Councils considering it a waste of time to attend meetings, often at great inconvenience, to discuss knotty problems for the good of the industry, realizing that such decisions would not be carried out by unorganized firms.

(3) To insufficient financial support. A Council may be formed in an industry but regarded as a body which must be run at little or no cost ; if any expense is likely to be incurred then its activities must be restricted.

The point arises, what efficient alternative can there be to the Whitley Organization, or can the Whitley machinery be improved upon ? To permit this method of co-operation to lapse without the immediate substitution of some equally effective system would be disastrous.

I have already indicated certain weaknesses in the system, but two of these are weaknesses, not of the machinery, but in the application of that machinery. It is not the fault of the machinery when Councils do not function properly, but the manner in which the machinery is worked by the industry concerned and the apathy shown by those engaged in it both on the part of employers and workers.

What is required is the elimination of apathy on the part of employers and workers alike, and of suspicion. Apathy has the most devastating effect upon any organization, but unfortunately it is and will be displayed in some quarters, no matter what system may be evolved—probably the more perfect the system the greater is the apathy shown. Suspicion on the part of one party breeds resentment in the other and a tendency to a similar suspicion. Without real co-operation and confidence neither the Whitley Scheme nor any other can be a success.

*The first suggestion I would make to strengthen the Whitley machinery is that Parliament should give the sanction of law to agreements arrived at by Joint Industrial Councils when so desired.*

This is not a new suggestion by any means. The Provisional Joint Committee set up by the Industrial Conference in February, 1919, recommended that where agreements are arrived at between representative organizations of employers and Trade Unions in any

trade, laying down a minimum rate of wages, the Minister of Labour should have power, after investigation, to apply such rate, with such modification as he may think fit to all employers in the trade falling within the scope of the agreement.

Earlier still, the Commissioners appointed by the Government in 1917 to enquire into Industrial Unrest reported :

> " We also approve of the conclusion in the Report of the Industrial Council into industrial agreements that ' an agreement entered into between Associations of Employers and of Workmen representing a substantial body of those in the trade or district should, on the application of the parties to the agreement, be made applicable to the whole trade or district concerned ' provided that the conditions contained in that report are fulfilled."

The Whitley Committee itself in its second report expressed the following opinion :

> " It appears to us that it may be desirable at some later stage, to give the sanction of law to agreements made by the Councils, but the initiative in this direction should come from the Councils themselves."

The initiative did come from the Councils in the form of the Industrial Councils Bill, which passed its second reading in May, 1924, by a majority of 220, but owing to the dissolution of the Labour Government shortly afterwards, has proceeded no further.

There has been much misconception in regard to the matter. Get it clear. It is *not Compulsory Arbitration !*

It is well to observe that the powers asked for do not apply to all agreements but to such only as it is desired shall be made uniform, as for instance in relation to wages.

If placed upon the Statute Book it is not anticipated that many Orders would be applied for, as the fact of the existence of the powers would be sufficient in most cases to ensure observance of agreements.

Compulsory application is provided for in the Trade Boards, the Agricultural Wages and the Railway Acts. In the case of the Industrial Councils Bill the powers desired are simply to apply when desired, *agreements* which have been *mutually* arrived at by the representative organization of the Industry concerned, composed entirely of those engaged in the industry—not as in the case of Trade Boards, decisions which may be governed by someone not connected with the industry. There is a vital difference.

I venture to suggest that this is what may be termed "domestic policy" of Industrial Councils; and after nine years' trial of the scheme a large proportion of the Councils—certainly those covering the greatest number of employees, find Statutory powers to be very desirable, if not absolutely essential, for the effective functioning of the future development of the Councils.

Twenty existing Councils and Committees desire the powers asked for, and seven or eight others which are now in abeyance have pressed for the principle; in fact, the absence of such powers has been the main cause of the breakdown of these organizations. It is supported by a large number of organizations other than Industrial Councils, and the Trade Union Congress at Scarborough, in September, 1925, decided to urge upon H.M. Government the desirability of giving the National Agreements voluntarily entered into and approved by Joint Industrial Councils, the same validity as awards under the Trade Boards Acts. As a result of the earlier decisions of the Trade Union Congress, some Councils which are in sympathy with and would otherwise have supported the Bill were unable to record a resolution of support, the Employees' representatives considering themselves bound by the decision. This is now being remedied and it is anticipated that shortly there will be a larger number of Councils supporting the Bill.

The Bill is an adoptive one and may fairly be regarded as the logical outcome of the Whitley Council Scheme.

If such powers *were* granted, it would, in my opinion, remove a great deal of the apathy at present shown and

would make industry more self-governing and tend to better organization and consequently the more efficient carrying out of collective agreements.

*The second suggestion is* that Joint Industrial Councils should include in their constitution regular machinery for resolving "deadlocks" in matters of wages, hours and cognate questions. If the policy of excluding wage questions is adopted by a Council, standing machinery should be established, apart from, but under the general control of the Council, for dealing with such questions—some method providing in the first instance for conciliation and ultimately, if necessary, for arbitration, would seem to be the most useful machinery for the purpose.

*The third suggestion is* that each industry should arrange facilities for the provision of carefully prepared statistics as to the economic position of the industry concerned, average percentage of wages on turnover, wages paid and earned, etc., as a means of avoiding, and if necessary, settling industrial disputes. This would remove one of the causes for lack of confidence in industry.

## *CAPTAIN L. H. GREEN'S SPEECH*

Captain L. H. Green, M.A. (Flour Milling Employers' Federation, and representing Association of Joint Industrial Councils) said :

We are very honoured in having Mr. Barnes in the Chair this afternoon because Mr. Barnes as father, shall I say, of the International Labour Office, is in a sense, grandfather of this Assembly. Although I use that not very complimentary adjective it is merely descriptive and does not apply to any of Mr. Barnes' activities or his interests. He is a person with whom one can say with the poet : "Age cannot weary him nor the years condemn."

As I listened to the various speeches and the contributions to the discussions this morning, and as I listened

to my friend Mr. Hand's speech just now, it seemed to me that there really was little more to be said and that therefore I should not stand between you and the speeches which you all wish to make later on, for more than a few minutes. But there are just one or two points that do occur to me.

I approach the subject of Whitley Councils and their re-organization from the practical point of view of one who has been Secretary of an Employers' Federation since its inception eight years ago, and Secretary of the Joint Industrial Council for the industry since its inception some seven years ago—and in that latter capacity I have the advantage of being the Secretary for the whole Council. In that way one has opportunities for close contact not only with the employers' constituents but with the workpeople, or with their representatives, and for meeting the men themselves in the districts. I think that when people in general talk about industrial peace as it has been talked about lately as if it were a new slogan or as if it were something that had only recently been discovered, they forget that the most fruitful, the most active, the most practical results of the methods of industrial peace have been adopted and achieved by Whitley Councils during the last seven or eight years. The fact that in these industries which represent over three million workpeople no strike on a national scale has taken place, until the recent General Strike, in the post-war period is a real contribution to the national welfare. The General Strike, of course, was an abnormal circumstance—the accumulated explosion of twelve years' discontent. One refers to the past only for purposes of diagnosis, not for recrimination: and in seeking for the cause of that explosion I believe it is to be found in the increasing alienation of employers from their workpeople. We have to re-establish personal contact. The General Strike will have served a useful purpose if it causes us to take stock of our position, especially if we represent organizations of employers and employed that are in pretty constant contact.

I suppose everybody, whether he is an individual or whether he is an institution, gets into a rut. Now the rut that we in our Trade have got into is not a private and particular rut of our own. It is really that we have not developed the Whitley Machinery at all. Our Whitley Council has its procedure for the settlement of disputes, a procedure which has been extremely successful. It has settled wages and disputes in exceedingly difficult circumstances, and, beyond that, I think, until a few months ago, it had not advanced far. Mind you, I don't want to minimize that. You may say, "Oh, that is only conciliation machinery; that is what the other industries have got who have not got the Whitley Councils." The mere fact that the representatives of the two sides have been in constant and frequent association even if they have only discussed questions of wages and disputes, has bred up a sort of mutual confidence without which the Council could not have survived recent events, and I think that the people on both sides have made friendships that it would take a great deal more than temporary or national upheavals to interrupt. Therefore the groundwork has been laid and the time is ripe for development on wider lines; on the lines in short that are indicated by the Whitley Report.

I do not agree with some speakers who have said that controversial matters should be excluded from consideration by Whitley Councils. The more controversial a subject is the more I want to get at it and to settle it. You can only do that by having it out, and by having both sides put their own experience, their general views, into the common stock. But what we do want to break away from now, I suggest, is the particular rut that we have got into. We became conscious of that even before last year's events caused us to take stock and we thought, in spite of what I said of controversial opinions, we had better get busy with non-controversial subjects, and so we chose technical education.

We set up a Joint Technical Education Committee with employers' and workers' representatives and we had the Board of Education and the City and Guilds of London

Institute and a teacher ; and we thought in our innocence that we could not have much more representation without swamping the Committee with technical advisers. But we forgot the Principals of Technical Institutions and we forgot the teachers in their corporate capacity. And as we started by revolutionizing the whole existing system and inventing a new Syllabus which doubled the time in which it was to be taken, making the ultimate certificate much more worth while industrially, we found ourselves up against people who have, as they pointed out, had the job of carrying into practical effect the alterations which we had gaily made. We thought we had met that by having the Board of Education with us, but that only shows how careful you have to be when you are dealing with really technical people. We have now got a complete Committee so that for the future I don't think we can go far wrong.

There was one thing, however, that surprised us and which bears more directly on what I was saying just now. In spite of this revision of the Syllabus by making it more difficult than before to obtain a certificate we have found great enthusiasm in new centres where they have not had classes in flour-milling technology before. That was the proof, the great proof, that the policy of the last eight years in arranging reasonably, good wages, in settling good hours, has had the effect of improving the type of man who is engaged in the industry. He welcomes the increased facilities that we have provided for him to get technically qualified.

There are three points of organization that I want to suggest. That is one of them—that the Whitley Council has got to enlarge its purview and it has got to deal with other questions than those merely concerned with subsistence.

The second point is concerned with Works Committees. I believe with you, Sir, that one has to get right down to the constituents whom the organization gets together through their representatives. That is the object of a Works Committee. The object of the whole organization is contact between one side and the other—the

object of a Works Committee is to provide contact between an employer and his workpeople. In workshops where the employer always calls his workpeople by their Christian names and they probably call him by his (and there are such places still), the problem is not acute. But in places where the employer is not known by sight, where he is only a member of a Board, or a Director, the problem is acute.

Further, when the Joint Works Committee has been established it is essential that the employer himself or someone who can speak definitely and with authority on behalf of the firm, should take the trouble to attend regularly. You cannot delegate your personal contact, and the employer who wants to go home or who gets tired of meetings or thinks he sees enough of his men in the daytime and does not take the trouble to attend his Works Committee has only got himself to blame if this Committee does not function. I think that that applies to the employer delegating his presence to a manager or to a foreman or somebody else and it applies on the men's side to a Trade Union official. I know that is a very thorny subject and I know that circumstances do arise where it is desirable that the men should be represented by their Trade Union official, because there are cases where a workman who talks too freely is put on the black list, and that has got to be safeguarded. But where that occurs there is not much of the Whitley spirit.

The thing to encourage is the means of direct contact so that the men themselves can approach the employer and discuss the thing with him whatever difficulties they have. The employer on his side ought certainly to engage that nothing will be discussed at a Works Committee meeting that is not of purely domestic concern, It is not up to him to try and alter wages at the Works Committee or to try and introduce some other subject that has national repercussions. The Works Committee is a purely domestic concern. Questions that are of wider implication should be relegated to the Joint District Council or to the National Joint Industrial

Council where the circumstances of the industry as a whole are taken into account. If these matters are discussed in the first instance at the Works Committee I would say then that of necessity the Trade Union Official should be present.

My third point is connected with Joint District Councils and there I confess I do not see how the trinity of national machinery can be maintained. At a district meeting you do not get finality because there is always the possibility of appeal by the dissatisfied party. You are liable to get only a discussion, and in these days of extreme business competition when every moment is of importance, it is increasingly difficult as a practical proposition to get people to attend meetings where a decision is impossible of attainment. It seems to me therefore that while the three stages of Whitley Council machinery should be utilized to the full where possible, that is to say Works Committee, District Council, National Council, it may be necessary in reorganizing one's Whitley machinery to drop Joint District Councils for a time.

And then lastly I do feel most strongly that the Ministry of Labour could and should be of greater assistance to those of us who are developing the Whitley Scheme. I protest against the wet blanket attitude adopted by the Ministry. I do not refer to the courteous officials with whom it is a pleasure to come into contact, the Liaison Officers, who are always ready to do what they can to provide information and answer questions. I refer to the Ministry's own publications.

Four years ago the Ministry published a report on the Establishment and Progress of Joint Industrial Councils. That was for the years 1917-1922. That was their first and last publication on the subject. Presumably there had been no progress since 1922, or if there has, the Ministry of Labour is not aware of it.

Then in their last published Annual Report for the year 1925—it is a volume of 163 pages—they start out by saying that the second of the four functions of the Ministry, the four objects for which the Ministry was established, is :—

> "Rendering assistance in the establishment of joint bodies such as Conciliation Boards, under Section 4 of the Conciliation Act, 1896, and Joint Industrial Councils, on the lines recommended by the Whitley Committee on the Relations between Employers and Employed."

That is the only reference to the Whitley Scheme in the whole of the Report for the year 1925, one might legitimately expect at least a list of the Whitley Councils that are at work, a list of those that have ceased to function with a note as to the reason for their disappearance. But no : the Ministry is sublimely indifferent.

I conclude by saying this : that on whatever lines we organize or re-organize our industrial relations, we shall fail unless we keep our consciousness of the human element well in the foreground. What, at bottom, are "industrial relations" but relations between man and man : what can make those relations fruitful but sympathy and understanding ?

## *MISS DOROTHY ELLIOTT'S SPEECH*

Miss Dorothy Elliott (National Union of General and Municipal Workers) said :

It is very difficult indeed to enunciate any general principles on which Whitley Councils should be reorganized, as the statement made in the Whitley Report of 1917 has been justified, in that practically every industry has worked out in its own Joint Industrial Council a different machinery for dealing with the particular problems in that industry, with the result that there are very great diversities amongst the Councils which are at present in existence.

Academic theorizing on this point is of very little use, and as one can of necessity speak from practical experience only of a limited number of Councils, and as it is really only such practical experience which is of use in the deliberations of a body such as this, what I have to say will necessarily be limited in character.

There are, however, general criticisms which apply from the workers' point of view to all those Councils which are admittedly not functioning to the fullest extent. The basis of the whole Joint Industrial Council movement is organization. The Whitley Report in 1917 said: "It is not enough to secure co-operation at the centre between the national organizations; it is equally necessary to enlist the activity and support of employers and employed in the districts and in individual establishments. The National Industrial Council should not be regarded as complete in itself; what is needed is a triple organization in the workshops, the districts, and nationally. Moreover, it is essential that the organization at each of these three stages should prove a common opportunity, and that the greatest measure of common action between them should be secured." And again, "We think the aim should be the complete and coherent organization of the trade on both sides."

My practical experience happens to have been on a Council where, although the Employers' and the Workers' side were representative of a large percentage of the trade there was on neither side that hundred per cent. organization which would make a really efficient basis for the work of the Council. Not only on this Council, but on others, resolutions have been repeatedly brought forward by the Trade Union side asking the Employers to agree to the principle of the closed shop, and in many cases the Employers have refused to agree to such resolutions.

If there are firms outside the Employers' organization who compete unfairly because they do not comply with the terms of the wage agreement arrived at on the J.I.C. the Employers are continually appealing to the Unions to take action against these firms, even to the extent of striking them, in order to secure uniformity of conditions.

It is manifestly most unfair that the Employers should not be prepared to give a *quid pro quo* and help by giving facilities for trade union organization within their works, or even by refusing to employ non-union labour. The Boot and Shoe, Pottery, Printing and Match J.I.C.'s, amongst others, have agreed, as Councils, to

take united action to get a hundred per cent. trade union organization. After all, the workers have a perfect right to voice increasingly the demand, which was recognized by the Industrial Conference of 1919, for a real share in industrial control—a demand which the Whitley scheme was supposed to meet, but which it has done little or nothing to satisfy. Indeed, a criticism not infrequently made of Whitleyism is that it was brought in at a time when reductions were taking place all over the country, in order that these reductions might be negotiated with as little unrest as possible, and that when this had been achieved, only in a few cases was there any attempt really to carry out the spirit underlying the Whitley Report.

So long as there is no genuine attempt made among Councils to foster not only organization in the shop, but a spirit of willingness amongst individual employers to give to their workers more and more knowledge of the facts of the individual business, and to share in the control of this business, it is useless to use vague phrases about bringing together capital and labour and fostering goodwill.

In many Councils when there is a demand for an advance in wages, the case is argued as it is in ordinary wage negotiations—the workers' case is put forward—the employers refuse to give an advance, or make a compromise, on facts known only to themselves, which are not even given to the national negotiators, and which are most certainly absolutely unknown to the workers in the factories.

I therefore cannot help feeling very strongly indeed that the principle of the closed shop and the disclosure by the employer of facts and figures upon which the people actually working in the industry could understand the exact position, are two very necessary requirements before the Joint Industrial Council can be really effective.

From the question of the closed shop, it is a very natural step to consider how far the different trades covered by Joint Industrial Councils can also be made watertight from the agreement point of view. The ideal obviously is that every employer should be a member of his

Employers' Association, and every worker a member of his trade union, so that when a J.I.C. agreement is made, it would automatically cover every employer and worker in the trade. This is most certainly the ideal towards which anyone who feels that a J.I.C. can be made really effective should work.

There is no doubt, however, that there is great difficulty at the present time, both from the Workers' and from the Employers' point of view, in that the Employers' as well as the workers, are not as efficiently organized as they might be, and that by simply remaining outside the Employers' organization or a J.I.C., a firm can be relieved of all obligations to carry out its agreements. It is because of this difficulty that there has been put forward the suggestion for legalization of voluntary agreements. The whole problem is bristling with difficulties.

The Trade Union movement, I think, realizes that there is a difficulty there and the Trade Union Congress, as Mr. Hand said, has now passed a resolution saying that it is prepared to support the legalization of voluntary agreements for wages only. I think that is exactly the position that was put forward, simply that the legalization must apply to wages only.

The Trade Union movement from its earliest conception has continually fought against the imposition of penalties against a union, and the principles laid down in the Trade Disputes Act of 1906 are principles which the Movement will never surrender.

It would be possible, however, to legalize wages agreed to voluntarily between the Employers' Associations and the Trade Unions on a Joint Industrial Council on the same principle as is at present operative under the Trade Boards Act when the penalty is on the employer for not paying the correct wages. It would be a tremendous step forward if, when agreements are being arrived at on a Council, it could be felt that if the people who arrived at it are really representative say, of seventy-five per cent. of the trade, they would have the certainty that it would be made possible for it to be legally enforced by the other employers in the trade.

I am afraid that it is impossible from the Trade Union point of view that such a thing could be considered while there is talk in the air of Trade Union reform.

If these proposals were adopted, we should then have such an organization in the Joint Industrial Council as would mean that the Trade as a whole would be covered by any agreement made, and the workers would have a really genuine share in the control of the industry.

One cannot help remarking that those Councils which are the most effective, such as the Pottery Council, the Printing Council, and those in the Non-Trading Services, are those where the nearest approach is made to the closed shop organization ; one is therefore driven to believe that if this principle were carried still further, it would do much to eliminate the feeling of ineffectiveness which undoubtedly is felt in connection with many Councils.

Looking at it from the personal problem of people who are negotiating trade agreements it would be an advance if we could be sure that the whole trade would be covered by any agreement that is made.

*Conclusion.*

I do not want, Mr. Chairman, to go on, for I feel that from the floor we shall have a much more valuable discussion, but I do just want to emphasize in conclusion that unless the Joint Industrial Councils can be organized from the workshop and there is an effectual realization of that growing demand on the part of the workers for a share in the control of the Industry, the Joint Industrial Council will die a natural death and some other system will be evolved which will put into form that demand.

## *MR. FRANK MURRELL'S SPEECH*

Mr. Frank Murrell (Director, Associated Printers) said :

However enthusiastic one may feel about J.I.C. work it must be admitted that even the most successful of the

J.I.C.s are a long way off the realization of the objects for which they were formed, and the fact cannot be overlooked that many Councils have been started and after a shorter or longer time have ceased to function.

I consider the lack of success on the part of some J.I.C.s and the complete failure of others is not so much due to any inherent fault in organization as to the conditions in which they have been operating since their formation and to the circumstances which were not foreseen when they were set up.

At the same time I do feel that the organization requires to be strengthened and extended in order that these conditions and circumstances which have militated against the Councils may be successfully overcome.

The first two or three years after they were set up was a period of great expansion of trade and inflation, where nearly every industry was engaged in meeting the demands of the workers for increased wages. This period was followed by one of most serious trade depression, when the process was reversed and pressure began to be put on the workers for very serious reductions in wages in order that the new conditions might be met. This meant that valuable time which might have been spent in forwarding the objects for which the Councils were formed was taken up almost exclusively in wage negotiations and disputes arising therefrom.

This has been most marked in those industries in which the nature of the work necessitates numerous individual establishments and where the workers have been divided into a large number of Unions not always working in close association. For instance, the Pottery and Boot and Shoe Industries, which are relatively small, compact trades have, I believe, only one Union on the workers' side and not a very large number of units of production, and they have been able to go very much farther along the lines of progress indicated in the Whitley Scheme than the Printing Industry, for example, where the workers are represented by something like twenty Unions and the units of production run into thousands, scattered all over the United Kingdom. In other words, it is

much more difficult to organize for J.I.C. purposes an industry which is widespread than one which is confined into smaller limits.

There has also been suspicion on the part of both employers and workers. Many employers are individualists who dislike any sort of interference with the conduct of their business such as they believe would result from the establishment of Joint Councils, and I have known cases where employers have joined the Councils in a spirit of critical antagonism.

Again, on the workers' side there has been a deep-rooted suspicion that the whole scheme is simply another capitalist trick to keep the workers from agitating and attaining their object of complete control of the various industries. To my knowledge on some Councils and Joint District Committees representatives have been elected by the Unions who have frankly stated that they had no faith either in the objects of the Councils or in the possibility of anything being done through them which would be to the ultimate advantage of the workers' side.

Then there is the difficulty which has been encountered of securing complete adherence to the recommendations of the Councils throughout the industries concerned, and this has been the subject of long discussion in the Association of J.I.C.s, a body which was set up soon after the Councils began to be established and has done much to advance and co-ordinate their work.

Joint Industrial Councils have again and again been faced with the difficulty that their arrangements have been ignored by individual employers or by sections of the industry. In certain cases the consequence has been the abrogation of agreements. Several Whitley Councils have ceased to exist for the sole reason that they have been unable to enforce their agreements or awards. It is a further complaint that "members of Industrial Councils are penalizing themselves by honourably carrying out agreements, whilst others in the same industry, not associated with the Council or with the employer's organization, do not recognize such arrangements."

There has developed, as a result, a movement to secure, with safeguards, the legalizing of Whitley Council agreements, in order to make them compulsory either for the whole or the part of an industry.

There are criticisms of these proposals, based largely on the fact that Whitley Councils are purely voluntary bodies, and that their surest advance may be secured by adherence to the voluntary system. On the other hand, it is pointed out that the Whitley Committee itself foresaw the possibility of the Councils finding it necessary to secure higher authority for the enforcement of their decisions. "It appears to us," the Committee said, "that it may be desirable at some later stage for the State to give the sanction of law to agreements made by the Councils, but the initiative in this direction should come from the Councils themselves."

One example of the way the present system is working is the case of the Granite and Roadstone Industry. In the West Country, in 1924, some quarries were taken over by the Public Authorities, who paid roadmen's wages for quarrymen's work. In spite of protests from the J.I.C. they persisted in doing this, with the result that some of the quarry owners seceded from the J.I.C. to save their concerns, and some of the workmen seceded from their Unions to keep employment, although the conditions and wages under the Public Authorities were much worse than those in force under the J.I.C.

In the case of one of the Textile J.I.C.s, that of the Woollen and Worsted Trades, I am imformed that an important member of the employers' organization refused to be bound by a new wage arrangement and nearly wrecked the Council as a consequence through the serious competition he was able to put up on the basis of a lower wage rate than that paid by those employers who were loyal to the J.I.C. decision.

There are other causes of failure, but those mentioned stand out in my experience as the main difficulties.

Dealing with the first, I do not think we need fear, at any rate for some time, any violent fluctuation in wage rates in industry generally in spite of what has taken place

recently in the Coal Industry, for this, to my mind, was not entirely attributable to industrial causes but had a largely political basis. The Boot and Shoe Council have recently stabilized wages and conditions for two years, and undoubtedly many other similar arrangements will be made. This will automatically give more time to their J.I.C.s to consider other matters than disputes arising from wage negotiations, which will be all to the good.

As regards the second cause, the antipathy to J.I.C. work amongst Trade Unionists has been very much diminished through the evidence which has been given by prominent members who have been associated with Joint Councils as to the benefits they have derived therefrom, and this movement has been further helped forward by the recent pronouncements of leading members of the Labour Party, who have now quite definitely come down on the side of co-operation with capital as against their previous attitude of conflict.

Leaders of Labour, such as Ramsay MacDonald, Arthur Henderson, C. T. Cramp, and Ben Turner, have publicly announced their approval of Joint Council work, and this official attitude is undoubtedly going to create a much more helpful atmosphere in the actual working of these organizations.

The impotence of J.I.C.s to make their decisions statutory throughout the industry in which they operate is a matter which needs immediate attention and points to reorganization along certain lines. The Industrial Councils Bill had as one of its objects the statutory enforcement of the decisions of a Council on application by a majority of both sides and subject to certain safeguards.

There is nothing new in this idea of statutory powers for decisions of joint bodies. The decisions of a Trade Board already have statutory force, as also have the decisions of Agricultural Committees. The practicability of this statutory enforcement of Council decisions has already been demonstrated in South Africa, where, by the Industrial Conciliation Act of 1924, the Minister

can make a declaration with regard to any agreement come to by a J.I.C. or Conciliation Board, if he considers it sufficiently representative of the industry concerned, making such agreement, or any specified part thereof, binding for a specified period and in a specified area on *all* employers and employees in that industry. This seems to have worked very satisfactorily.

The natural result of giving increased powers to Joint Councils will be a very much closer contact with the facts of individual industries, and the collation of vital statistics will be made possible which can now only be obtained at the will of the individual employer and in fact are not being given. The gathering of this information will automatically lead to greater cohesion in working arrangements, and facilitate the achievement of the objects which the Councils were primarily intended to fulfil. I consider this lack of power to be one of the greatest stumbling-blocks to the future development of Joint Council work.

All this consultation *within* industries would naturally lead up to a consultation *between* industries, and the formation of a National or Central Industrial Council covering the whole industrial area is the logical outcome.

To sum up, in order to realize to the full the usefulness on which J.I.C.s are capable, I think the following steps in the matter of re-organization are necessary :

The Minister of Labour must take a much wider responsibility in the matter of setting up Joint Councils, and I think some powers should be conferred upon him with this object in view. I am quite certain that many industries will never get their Councils because the subject is not put before them by a disinterested party. When important interests seem to cut across the general desire of an industry to have a Council, and the Minister is satisfied that good would result from its establishment, he might be given the power to set one up, although I prefer the voluntary principle upon which so much stress was laid by the Whitley Committee. I feel, however, the important thing now is to get the two sides of an industry together by one means or another.

Statutory powers for J.I.C. decisions are absolutely essential, and they should be granted forthwith. Since the Industrial Councils Bill was presented to the House of Commons—when it received a majority of 220, only sixteen voting against it—the T.U.C. has approved of its objects, and there seems to be no valid reason why it should not now be proceeded with.

The Bill is of an entirely optional character, the powers sought being permissive, not compulsory. Its aim is simply to make legally enforceable over the whole of an industry any decision arrived at by a majority of both sides of a J.I.C. in respect of which an application is made by the J.I.C. to the appropriate Minister and subject to his approval and the sanction of Parliament. Only agreements in respect of which application is made would be so enforceable, and industries, if they wished, could still have their wage and other agreements without statutory force, as no industry would be bound to make such application if it did not so desire.

An industry must be very well organized before a Council can be established, and will represent anything from 75 per cent. to 100 per cent. of those engaged in it. It is only reasonable, therefore, that agreements arrived at by this majority should be conformed to by the minority, and the Bill is being promoted simply to permit of the effective carrying out of the will of the majority.

The establishment of a National or Central Industrial Board, proposed in the same Bill, should follow as soon as the necessary component Councils have been set up.

This Board should consist of an equal number of representatives of employers and workers, one representative from each side to be appointed by each Industrial Council. It would have as its functions the consideration of questions concerning the general problems of industry and proposed legislation affecting it; methods for securing to the workers a direct share in the prosperity of their industry and participation in its conduct and control; the co-ordination of the decisions of J.I.C.s and the collection of accurate information with regard to industry generally in this and other countries.

It would also act as an Arbitration Board in cases of dispute, and deal as a consultative body with questions referred to it by the various Government Departments. Thus it would become the recognized advisor to the Government on all industrial questions, and in this way Parliament could be saved the discussion of many purely industrial matters for which, by its nature and constitution it is totally unfitted.

Here we have the completed machinery designed by the Whitley Committee to create and foster a new spirit in industry. Its primary objects have unfortunately been obscured, largely owing to the circumstances obtaining since the Report was presented, but I am convinced, now conditions are more stabilized, the widespread application of the J.I.C. principle would provide the means of securing a permanent improvement in industrial relations.

## *DISCUSSION*

Mr. Haden Carsar (Lancashire and Cheshire Provincial Council for the Professional, Technical, Administrative and Clerical Services of Local Authorities) :

Whether, as has been stated earlier to-day, Whitleyism is simply a sort of chloroform as an antidote to dynamite, or whether it was set up in all sincerity, is a matter of opinion, but we each of us have in our various spheres now a certain amount of experience from which we ought to get pointers for the future.

We want that new spirit we are all talking about. I want to know where is this new spirit bottled ? Where can we get hold of it ? I am certain that seventy per cent. of the employers in Lancashire and Cheshire have barrels of it, but it is the thirty per cent. of teetotalers we cannot get at and shall not get at until there is some compulsory adoption of the Whitley Councils.

At the present moment there are, roughly speaking, four methods of determining conditions. First of all, the

pure Trade Union method without any other machinery for negotiating direct with an employer; the Trade Board; compulsory arbitration as a result of the setting up of a court; and, lastly, the Industrial Councils.

In all the first three there was an element of compulsion, but in the last there is no element of compulsion at all. We have not been able, even in our Whitley Council to do many things that we ought to have done apart from the mere question of fixing wages, and we have not done them for this reason, that had we made recommendations on subjects on which we ought to have made recommendations, it would have led to the withdrawal of still more councillors, and we have been very anxious to keep the councillors in by ourselves putting on the soft pedal. I am certain that unless we now lie fallow, absolutely dormant, councillors will continue to disappear. If we do busy ourselves and make further recommendations, it will be followed by the disappearance of more authorities.

MR. S. PARTRIDGE (Cutlery Union):

I, unfortunately, have not had experience as a worker on the Whitley Councils. The only thing that we have in the industry with which I am connected is a Joint Board. In the days when Whitley Councils were beginning, we did set up a Reconstruction Committee, but after it had been in operation for something like two months, the employers came to the conclusion that it had no more power and could do no more work than our Joint Board was already doing.

The reason I have got on my feet is to carry out the desires of the people who sent me here, and to raise my voice in favour of legal authority being given to an agreement arrived at by voluntary bodies. I have not one word to say against Trade Boards . . . they have their place for the unorganized workers.

However, there is the other side, those people who have an organization. It generally happens that in those organizations there is a little more skill than in the unorganized trades. Naturally they feel that they have

a right to something more than the minimum, and when they have discussed what those rates shall be across the table, they feel that they should have the same legal sanction as is being given to the other organized workers.

Mr. F. W. Rogers (National Union of Commercial Travellers) :

There are fundamental aspects as regards the continuation of the Joint Industrial Councils. The discussion has shown that complete organization is necessary on the one hand for effective decisions to be reached.

That organization, one hundred per cent. organization, is dependent to my mind on both parties, and as the Chairman pointed out in the beginning, that involves absolute frankness of expression.

But I do ask all interested in the question to realize that when you have under-payment, when the wages question is ever present and a menace on the minds of one side of the parties, I do not see how you can possibly start off with anything like the right atmosphere. So that instead of wages being in any way a secondary question, if you are going to get your J.I.C. really working as a system, you have to settle that first of all. I think that is borne out by the fact that yesterday's discussion proved that low payment of wages prevented anything like organization of the workers. The Trade Boards covered masses of workers who were so poorly paid that the Trade Union organization was really not possible, so that that also has its bearing on the J.I.C.s.

Then you are up against the question of giving legal powers. It is a very difficult one to get over, for your Councils at the present time represent three million workers out of seventeen million engaged. So that therefore you are going to take the representatives of three millions to govern trades in which seventeen millions are involved. That representation can only be dealt with by a thorough and absolute discussion and adjustment of the wages question, and that, I think, is a question to be put first.

CHAIRMAN :

I think I should be within my right in saying that so far as I can gather the sense of the meeting, there are two things that there would be practical unanimity upon. The first is that full knowledge should be given to the Whitley Councils of all the relevant facts bearing upon any particular situation, so that each side will have equal opportunity with the other side of coming to decisions in the full light of all the facts. Then there is also unanimity upon this further point that in some way or another the decisions of the Joint Councils should be given effect to. There may not be unanimity of opinion as to whether that should be done through the complete organization of both sides or through some legalization of the decision. It is a matter of opinion as to which way should be adopted, but I think we all agree that the decisions of the Councils should not be merely registered as pious opinions but should be carried out and made effective in the trades covered by the discussion.

# FIFTH SESSION

## INDUSTRIAL ARBITRATION

The Fifth Session of the Conference opened on Thursday, February 3rd, at 10.30 a.m., the subject under discussion being Industrial Arbitration. Sir William Mackenzie, G.B.E., K.C., was in the Chair.

## *CHAIRMAN'S ADDRESS*

THE CHAIRMAN said :

The notion of Industrial Arbitration is not new in England. Legislative provision was made for arbitration in disputes between employers and workmen in the reigns of Queen Elizabeth, James I, George II and George III onwards to the present time. A very elaborate system was set up in 1800, which was eventually extended to Scotland and Ireland. That system broke down after a short time, mainly because the parties lost confidence in the tribunal. Various attempts were made during the nineteenth century to set up a satisfactory tribunal without success. In the meantime, in several industries, voluntary arrangements were made for settling industrial differences by arbitration. This was especially noticeable after 1836 in such trades as silk, salt, pottery, printing and tailoring.

All these schemes, however, were short-lived. They seemed to want some central authority to give them life. This defect was supplied in 1896 by the provisions of the Conciliation Act of that year. The Act enabled the Government to do very little that it was not previously in its power to do, but its great advantage was that it gave a particular Government Department, namely, the Board of Trade, a definite duty towards the relationships with the movement in the direction of the peaceful

settlement of industrial disputes. The Board of Trade could, if not as of right, certainly as a duty, enquire into the cause and circumstances of any existing or apprehended difference, or, on the application of one of the parties interested, or, on the application of both parties, appoint an arbitrator. The Act served a useful purpose, and the Department of the Board of Trade concerned in its administration reached, especially under Lord Askwith, a position of great importance and influence, more particularly in the direction of conciliation.

Judged by war and post-war experience, the number of cases which called for intervention by way of arbitration was modest enough. For example, in one year there were twelve cases, in a later year there were eleven cases and in another year the number jumped up to ninety-nine. During the war period the Committee on Production, which had become the leading industrial arbitration tribunal, alone heard and determined nearly 4,000 cases ; and there were almost as many heard by single arbitrators. Perhaps two-thirds of these cases were proceedings under the Munitions of War Acts which were in the nature of compulsory arbitration ; and the remainder were submitted to arbitration by agreement between the parties.

Not only did the Committee on Production determine the rates of wages of a very large number of trades, some, such as engineering and shipbuilding, of the first importance and magnitude, but its decisions were watched and followed by many other trades, so that it exercised a very real influence on the wages level in industry generally.

The importance of the Committee on Production and the influence it exercised over the settlement of industrial differences were responsible for the opinion that came to be held that when the war period was over some permanent and continuing arbitration tribunal should be established. The opinion in favour of a permanent tribunal was not a new one. As far back as 1869 a Committee of Trade Unions recommended a Court of Arbitration. In 1917, the Whitley Committee on the

relations between Employers and Employed recommended that a standing Arbitration Court should form part of the whole structure of negotiating machinery of which the Whitley Councils or Joint Industrial Councils, should form part. In this way a deadlock in the Joint Industrial Council would be obviated by referring the disputed matter to a permanent Court.

Accordingly, in 1919, Sir Robert Horne, as Minister of Labour, set up the Industrial Court under the Industrial Courts Act of that year. It is a permanent Court, whose duty is to determine differences between employers and employed. The members of the Court are appointed by the Minister of Labour and consist of a President and deputy Presidents or Chairmen, persons representing employers and persons representing workpeople, and one or more women. The President has power to call in the assistance of Assessors, a power usually exercised in highly technical cases.

The Industrial Courts Act also makes provision for the determination of differences by a single arbitrator or by a Court especially chosen for the difference under consideration, consisting of an independent chairman, a person representing the employers and a person representing the workmen. Parties desiring arbitration under the Industrial Courts Act cannot complain that the Act confines their choice of authority.

The parties refer their differences for settlement to the Industrial Court by agreement, and the decision of the Court is accepted by them of their free will. There is a complete absence of compulsion in the proceedings before the Court or consequent on any decision of the Court. The number of cases heard and determined by the Court since its inception in 1919 is upwards of 1,250, and it says much for the soundness of the decisions of the Court and for the sense of civic duty of the parties that only two or three of these decisions have been rejected by one or other of the parties. The decisions have been given in cases of most diverse character. Many, perhaps most of the cases, have been straightforward claims for alterations in and adjustments of rates

of wages, but other questions relating to working conditions, customs and practices of the workshop and of the trade, and the interpretation of industrial agreements have been referred to the Court for decision.

There have also been heard and determined by single arbitrators and by specially constituted *ad hoc* Boards of Arbitration a substantial number of cases in recent years both under the Act and outside the Act.

In many trades and industries, employers and workpeople, through their respective organizations, have entered into agreement to settle their differences by arbitration in the event of negotiations failing. I have a list here of some twenty-four trades or occupations where such agreements have been reached. These agreements include such trades or occupations as Drugs and Fine Chemicals, Flour Milling, Clothing, Woollen and Worsted, Dyeing, Bleaching and Finishing in England, Dyeing, Bleaching and Finishing in Scotland, Machine Calico Printers, Boots and Shoes, Carpets, Heating and Domestic Engineering, Furnishing, Upholstery, Manchester Packing and Making-up, Quarrying, Tinplate, Iron Ore and Blast Furnaces, Iron and Steel, Lead, Process Engraving, Electricity Supply, Tramways, Shipbuilding, Silk and Wall Paper.

Outside these trades where there is no prior agreement to refer any unsettled difference to arbitration, the parties sometimes agree to refer the particular dispute to the Industrial Court or some other arbitral tribunal. Differences in the Civil Service are now referred to the Industrial Court.

There are in addition to other schemes which should be noticed: the National Wages Board for Railways and the Tramway Tribunal for Great Britain and Northern Ireland. The National Wages Board was set up in 1920 by agreement between the parties with the approval of the Minister of Transport, consisting of an equal number of members representing the Railway Companies and the Trade Unions, four representatives representing traders and the travelling public and an independent Chairman. The Board was ratified and reconstituted under the Railways Act 1921, so that it is

now a statutory body. The Board deals with matters affecting employees and the traffic side of the Railway industry. The Tramway Tribunal was set up in 1924 by agreement between the Tramway authorities and the Unions and, like the National Wages Board, consists of an equal number of members representing the Tramway authorities and the employees, four members representing the public and an independent Chairman.

Industrial Arbitration is thus becoming more acceptable. Like its twin sister, Conciliation, the general acceptance of industrial arbitration on the failure of negotiations must be slow. We have suffered in this country in the past from the fact that we have been unfortunate in the choice of the persons to act as arbitrators. It is much to ask of employers and workpeople that they should place the decision, it may be of a serious industrial dispute, in the hands of newly-appointed and untried arbitrators. It would appear that during the nineteenth century many of the persons appointed to arbitrate were unfitted by temperament, experience or knowledge, and the failure of the many schemes for arbitration checked its growth.

The office of arbitrator is difficult to fill. The problem referred to him may be a tangled skein in which economics, politics, ethics, law and the technicalities of the subject matter in dispute are hopelessly intermingled. It is evident that a body of men and women accustomed to the judicial sense, trained by experience to sift and weigh evidence and in close contact with the atmosphere and actual daily life and its details of the factory, workshop, plant or office, are more suited to adjudicate on industrial problems than men, however eminent in other walks of life they may be, who are called in on occasion to act as arbitrators. The wisdom of Sir Robert Horne in setting up the Industrial Court is thus fully justified. From a permanent Court constituted as the Industrial Court is constituted we have reason to expect that in course of time there will emerge a code of industrial common law which will beneficially influence the whole sphere of industrial relations.

The field of industry is by no means entirely covered by schemes for industrial arbitration; but it is safe to say that the general spirit of arbitration is spreading, and people are gaining a belief and confidence in arbitration. Industrial Arbitration is a process; it cannot simply be installed. It has got to be started slowly and it has got to grow. In cultivating its growth let us profit by the experience of past failures.

## *MR. W. L. HICHENS' SPEECH*

Mr. W. L. Hichens (Chairman, Messrs. Cammell Laird & Co., Ltd.) said:

The crying need in the Industrial World at the present day is a stable and lasting peace. The country has been torn asunder by industrial disputes and the losses from this cause alone during the past year have been computed at between £200 and £300 million. But the losses which cannot be computed are even greater. The mutual suspicion and friction that have been engendered are a serious bar to progress and it is becoming increasingly obvious that without cordial co-operation between Capital and Labour it is not possible to attain to that degree of efficiency which is essential for the maintenance and development of our world trade. If therefore this conference can help in devising some means for the peaceful settlement of disputes in industry it will have done a great work.

The ideal for industry, of course, is to devise such an organization that disputes will not arise. To this end it is necessary to probe to the very foundations of the existing system and satisfy ourselves that they are well and truly laid; we must devise means for continually adjusting the system to the ever changing and growing needs of society and the industrial world; we must recognize that the problem is not static—that it cannot be settled once for all—but that it is in a state of constant flux. But this is not the problem before us to-day.

We have to recognize that in the world of to-day and indeed so far as we can see in the world of the future, disputes will inevitably arise from time to time and that the ideal of complete harmony is not as yet in sight, however earnestly we may be striving after it. Our problem, therefore, is how to settle such disputes without having recourse to the disastrous weapons of the strike and the lock-out.

I do not believe that any system of compulsory arbitration imposed by law is either desirable or workable except, possibly, in the case of certain public services of a special character. As applied to industry generally, compulsory arbitration would, I am convinced, prove unworkable. The experience of other countries shows that it is not possible to force people to work against their will and that the voluntary service of willing workers is essential to the proper conduct of the industry. Nor is it possible to force employers to pay wages against their will. You can prevent them from employing labour below a certain minimum wage but you cannot prevent them from closing down their works and shutting down an industry.

I rule out, therefore, compulsory arbitration and for similar reasons I am opposed to the expedient which has sometimes been adopted of providing by law that before a strike or a lock-out can take place the point at issue shall be inquired into by some constituted public authority or arbitration Court. Here, again, the objection is that it is not practical politics to prevent a strike taking place before such an enquiry has been held, and a law which cannot be rigidly enforced is a serious danger because it tends to bring the Government into disrepute.

But it is possible, of course, to enact that any industrial dispute shall, on the application of either party or both or without the application of either, be made the subject of public enquiry without restricting the liberty of the individual during the course of the enquiry to withhold his service. That is the procedure in force in this country to-day and on the whole it has worked well. It

has not always prevented strikes, but it has enabled the public to form a clear judgment on the points at issue and in the long run public opinion is the decisive factor in settling a dispute.

But whilst I think that it is not desirable for the State to do more than make provision for a public enquiry into industrial disputes, without requiring a maintenance of the *status quo* pending the enquiry and without enforcing the findings of the public enquiry, it is obvious that the objections I have urged do not apply to voluntary arbitration.

It seems to me in the highest degree desirable that when an industrial deadlock has been reached the matter in dispute should be submitted to arbitration by the voluntary agreement of both sides.

But here again certain difficulties have to be faced. An arbitrator is in a very different position from a judge. The latter has to decide upon either a point of law or a question of fact. He has to e.g., decide (1) whether a certain action constitutes a theft and (2) whether A. has in fact committed that act. An arbitrator, on the other hand, has no such body of law to guide him in industrial disputes, and he has to consider not only facts but principles, which in the case of the judge are decided by Parliament. Hence there is a tendency in industrial arbitration proceedings for the decisions to be rather in the nature of a compromise based on expediency—as the arbitrator sees it—than a legal judgment. He is popularly supposed to "split the difference" with the result that each side pitches its demands as high as possible in anticipation that the law of averages will be brought into play. Again arbitration tends, wherever possible, to be built up on precedent, and in the course of time a long series of precedents may be established. This has its advantages but it has also its disadvantages, because it tends to rigidity, and the fullest elasticity is necessary in industrial matters. It does not follow that because a certain course has always been followed in the past it should continue to be adopted for all time. We must be free to discard precedent when necessary

and be able to introduce changes without having to overcome a mountain of case-made law.

Another difficulty is that both sides to a dispute are apt not to exhaust every means for coming to a settlement between themselves if it is known that the final responsibility does not rest with themselves. The negotiations are conducted with an eye to eventual arbitration proceedings and each side is afraid to suggest a compromise for fear that it will eventually be seized upon by the arbitrator as one of the factors in his process of averaging.

I have emphasized the drawbacks of arbitration—even when voluntarily agreed to by both sides because they must be recognized and because I want to bring out the immense importance of a settlement of differences by agreement after joint conferences of both sides. The object to be aimed at is to secure an agreed, not an imposed settlement. The latter is obviously better than a strike or a lock-out, but it should be emphasized that arbitration ought to be the last resort only, after all methods of negotiation and conciliation have failed. Very many differences are, of course, now settled by joint Conferences and many potential grievances have been nipped in the bud in this way. But though much has been done to develop the machinery for joint Conferences to settle matters in dispute I believe that in certain directions improvements can still be made. For instance, it often happens that a joint Conference is only called after a dispute has arisen, when views have already begun to harden, and when passions are already inflamed. It would be a great advantage if, say, regular monthly meetings were held between representatives of the Associations of Employers and Employed, at which the general condition of the industry was discussed and financial returns affecting the industry were considered. If the representatives of the workers were kept more fully in touch with what was happening in an industry disputes would less often arise. In particular, the workers should be well informed with regard to the profits or losses made by the industry with which they are associated. The statistics already published are

in most cases admittedly inadequate to enable those interested to get a clear idea of the relevant and essential financial facts. In this respect the United States are far ahead of us. Again it is important that each industry should study in joint session problems affecting output, and statistics should be available to show how far the output per head of the workers is increasing or falling off. For this is a very material factor in the consideration of wage problems.

The problems of industry should, in fact, be considered more scientifically than has hitherto been the case by both sides in joint session. The days are passed, if they ever existed, when employers were anxious to pay as low wages as possible. The modern employer wants to pay as high a wage as the industry will bear. He is at one on this point with the worker although there may be a difference of opinion as to what an industry can bear at any given time. This, however, is a problem which demands scientific and dispassionate treatment and which in the ultimate result cannot be solved in any other way. For rises in wages spread over a wide area must inevitably be followed and neutralized by a rise in prices unless they are accompanied by increased output on the part of the workers, through better methods or inventions or new machinery. The problem is to know how far these results have been or can soon be attained and the solution requires long and careful research.

But the necessary research cannot be carried on unless we have industrial peace. Both sides need to sit down together and study the facts scientifically and dispassionately. But this cannot be done during the alarms and excursions of industrial war. A man who is wielding a sword cannot at the same time grasp a pen. It is for that reason that I urge an industrial truce for a period of, say five years, both sides agreeing during that time to submit any dispute to arbitration. This will enable us to show what our industries are capable of and will give us an opportunity to work out more scientific principles for the settlement of industrial problems. I am convinced that at the end of the period real wages would be far

higher than they can possibly be if strikes and lock-outs are to remain the order of the day.

## *MR. ARTHUR PUGH'S SPEECH*

Mr. Arthur Pugh (General Sec., Iron and Steel Trades Confederation) said :

Industrial arbitration in this country has a fairly long history behind it. We may trace the idea in the legislation of the first half of the eighteenth century which varied the function of Justices of the Peace from that of merely fixing minimum rates of wages, to having jurisdiction for settling disputes between employers and workpeople with regard to the carrying out of whatever terms of employment were entered into.

Later legislation generally followed petitions to Parliament from specific trades. The Arbitration Act of 1800, however, was made applicable to all trades and industries, but it embodied provisions designed to make unlawful any combination of workpeople for the purpose of raising wages.

The principle of freedom of individual contract accepted definitely by the legislature at the beginning of the nineteenth century and the removal of the protective powers of the State in fixing the wages standard, created an entirely new situation. The workpeople were thrown entirely upon their own resources and for the greater part of the century their attention was directed to invoking Parliament to legislate for a modification of the hours of labour and improvements in factory and workshop conditions, and in respect of wages to provide machinery whereby employers and workpeople would be required to refer their differences to arbitration.

In the circumstances in which they were placed, this was clearly a logical policy for the workpeople to follow, seeing that the use of such machinery was in itself a recognition of the principle of collective bargaining, and necessarily required some form of organization to make it

effective. For the same reason arbitration was strongly objected to by the employers, and their view in that respect was well expressed by one of their leading exponents, Mr. James Stirling, when he declared :

> "Our main objection both to arbitration and conciliation as palliatives of unionism is, that they sanction, nay, necessitate, the continuance of the system of combination as opposed to that of individual competition. In so doing we lend the authority of public recognition to the pestilent principle of combination, and sanction the substitution of an artificial mechanism with that natural organism which Providence has provided for the harmonious regulation of industrial interests."

The use of arbitration machinery in relation to industrial disputes was not, therefore, very conspicuous during the first half of the nineteenth century, and it was not until trade union organization had developed to such an extent that it could no longer be disregarded and had come to be recognized, although not yet fully legalized, as a permanent factor in our industrial arrangements, that arbitration as a means of adjusting industrial disputes became a practical proposition. Even so, the development was not on the lines of enforcement by legislation, but rather by the establishment of voluntary joint machinery for discussion and settlement of wages questions with the principle of arbitration as its fundamental basis.

This tendency was shown in the nature of the legislation promoted during the sixties, and by means of which it was sought to find a remedy for the strikes and lockouts which, as a result of the increasing strength of trade union organization, coupled with the strong opposition of employers to any recognition of the right of collective bargaining, had become a very pronounced feature of industrial relationships.

Among the important trades which first adopted the voluntary form of joint arbitration machinery, was the iron trade, and probably—within its limitations—in no

industry in this country has it had a more successful record.

In March, 1869, was established the Board of Arbitration and Conciliation for the North of England manufactured Iron Trade, which covered the counties of Northumberland and Durham, and the North Riding of Yorkshire. It represented twenty-eight Works employing 12,000 men and boys engaged in the processes of iron puddling and forging and was based upon the structure of similar bodies which had already been established in the Hosiery and other trades around Nottingham, on the initiative of Mr. A. J. Mundella, M.P. The reasons which led to the formation of the Board are briefly stated in the record of the inaugural meeting held at Darlington on 8th March, 1869 :

> " The ironworkers of the North owing to the character of the business in which they are engaged, being dealt with not as individuals, nor even as groups separated into as many bodies as there are employers, but as a *class*, it was natural that some organization should be formed to protect the interests of the body, This took the shape of an Ironworkers' Union. The employers shortly afterwards formed an Iron-manufacturers' Association.
>
> " Whatever advantages these bodies may have conferred upon their respective members, they stopped short of bringing together the two classes, of employers on the one hand, and operatives on the other, whose interests had to be reconciled and whose differences had to be adjusted. If they did not increase, they certainly did not diminish, the feeling of separation and conflict of interest between the two parties, whose agreement was essential to the profitable employment of both.
>
> " Hence, in the year 1865 there was a general lock-out which lasted several weeks ; and in the year following (1866) a general strike laid the works idle for many months.

"These two entire suspensions of industry produced the usual effect of destroying the profits of the employer, occasioning great loss and suffering to the operatives, and seriously affecting the trade and prosperity of the district.

"Their termination settled nothing except that Capital could hold out longer than Labour.

"Which party had reason or justice on its side was in no way made apparent by the mode in which the issue was contested.

"In addition to these two great conflicts, several smaller strikes took place, only less disastrous because more limited in area or duration.

"This state of things led the employers and the more thoughtful operatives, including the Union Executive, to look round for a remedy."

The Board consisted of a representative of the employers and workpeople respectively at each works. The employers elected a Chairman, and the workers a Vice-Chairman, and the Secretaries of the employers' and workers Organizations acted jointly as Secretaries of the Board.

At its Annual Meeting a Standing Committee was appointed, consisting of an equal number of representatives of both sides, and this body was charged with the responsibility of dealing with matters referred from the different Works from time to time, and which were not found capable of local adjustment. The decisions of the Joint Standing Committee were subject to ratification or otherwise by the Board, which was responsible for general policy.

This Board remained in existence until about five years ago. A similar body established for the same trade in the Midlands in 1872 is still in existence, with substantially the same form of structure and rules adopted at its formation.

While these bodies are largely Boards of Conciliation, the decisions of the Joint Standing Committee and of

the Board on any matters referred to them, are final and binding on both parties, and provision is made in cases where the Board itself as the final body for reference within the Constitution, is unable to come to a decision, that an outside person shall act as Referee on the disputed point, his decision being also binding on the parties.

In the earlier days the Umpires appear to have had quite a busy time, but as the Boards grew in experience, the tendency to so settle their difficulties without outside assistance, developed, and I believe it is about twenty-five years since the services of an Umpire were required.

Joint machinery of this character exists throughout the Iron and Steel industry, but there are considerable variations. Thus, in the Heavy Steel Trades there is no definite Board in existence. The practice is, that in respect of questions arising at individual Works, the matter is discussed between the Management and the representatives of the local Committee of the Union attached to the Works. Failing adjustment, the permanent officers of the Union are called in and endeavour is made to dispose of the difference by discussion between the Officials and the Management. If this fails, a Neutral Committee consisting of two employers and two workmen from other establishments is appointed to deal with it, and in the event of their failure to adjust the matter, the question is submitted to arbitration by an Arbitrator jointly agreed to by the parties, or by inviting the Ministry of Labour to appoint an Arbitration Court. The decision is accepted as binding, whether by the Neutral Committee or by the Arbitration Court.

General questions are dealt with by open Conferences and reference to *ad hoc* Committees. While probably joint machinery for discussion and negotiation of a voluntary character as between organized workpeople and employers, is more prevalent in this country than in any other, arbitration, in the sense of referring questions to persons outside the particular trade or industry, has not been very readily resorted to, while any proposal to make arbitration compulsory by legislation has always been resisted by none more strongly than in those trades

where arbitration as an ultimate resort has been the basis of their voluntary machinery of negotiation.

The question naturally arises at a Conference of this kind whether arbitration as a means of settling industrial disputes is likely to develop in future. I think it may, but upon somewhat different lines to what has hitherto been accepted.

In the latter half of the past century and following the continuous industrial struggles of previous years, there was a strong movement towards arbitration as a part of the development of collective bargaining.

The next phase of development has been one of relying rather upon collective bargaining between strong organizations of employers and of workpeople, and reference to outside arbitration has been adopted more as a last resort than as a well accepted policy. To the extent that this has arisen from a desire to settle disputed points inside the industry, it has been all to the good, and where satisfactory Joint Machinery exists, the tendency in that direction has always been strongly shown.

There can be little doubt that we have entered into what I feel may be termed the third phase of development, which must affect the general attitude towards arbitration in industrial disputes and which calls for changes in the structure of that machinery, the method of its application, and what is of fundamental importance, the principles it is sought to apply in arbitration proceedings.

Primarily, of course, we require to direct attention towards the *prevention* of industrial disputes.

To that end the most adequate joint machinery inside the trades or industries, is necessary, but here again the considerations I have mentioned are fundamental.

The new line of thought with regard to the structure, functions and purposes of such machinery, are indicated in the Reports of the very representative Committee on Industrial Relations issued in 1917.

There is, I think, an increasing tendency to object to arbitration in the form in which it has been accepted hitherto. Even in respect of Conciliation and Arbitration Boards, the circumstances and conditions have

changed and the developments during the last ten to twenty years in industrial organization and policy, and the changed attitude of mind of the organized workpeople in respect of their position in industry, while not necessarily developing any increased hostility to arbitration as such, is demanding very much more than has been regarded as necessary in the past as an essential part of the procedure of Joint Boards and of Arbitration Courts.

While the objection which in the past the organized workers have had to Arbitration Courts, may have been due to some extent to the constitution of such bodies, the present outlook is a development arising from the uncertainty as to the kind of grounds or assumptions upon which arbitrators arrive at their conclusions, and there is little doubt that the hesitation which workpeople have shown in adopting arbitration as an alternative to open conflict, may be traced to the fact that no guiding principles have been developed upon which arbitration awards can be based. Then what is felt more and more, is the disability under which the workpeople carry on their part of utilizing machinery of conciliation and arbitration by reason of the absence of sufficient information in regard to the industry in which they are engaged, and there is a tendency to reaction against the use of that machinery which, in the absence of the full facts being disclosed and the cards placed upon the table, if it does not actually tend to operate to the disadvantage of the workpeople, fails to inspire that confidence which is essential to its success.

It seems clear that if the process of arbitration in industrial disputes—and these in the majority of cases relate to wages—is to find ready acceptance in the future by the workpeople as a satisfactory method, that a much fuller investigation of the possibility or otherwise of the industry to pay, must be provided, and that some definite principles which will have regard to both economic and ethical considerations, will require to be developed for the guidance of Arbitration Courts.

There is ample precedent for this in the line of thought

which has evolved in the application of arbitration machinery in other countries, in particular within the British Dominions, and to a growing extent in the United States. In Great Britain we do not appear to have got very far beyond the nineteenth century conception of regarding industrial disputes as a sort of tug-of-war between two conflicting parties, which, so far as the public is concerned, might be settled by knocking their heads together. In the event of arbitration proceedings —where the dispute is about wages—the expedient of splitting the margin of difference between the disputants has too often to be resorted to.

An important development in Arbitration Law in this country is the Industrial Court Act. The first part is useful in the sense that it affords a range of alternatives for voluntary arbitration, and not only brings pre-existing facilities up-to-date but gives them a greater significance by the establishment of a permanent Court

Part 1, however, is an improvement in machinery only, and it is in the second part of the Act which provides the means of real enquiry into the causes of industrial disputes and endows the Court with some degree of power to ascertain the facts, that its importance lies.

The trend of progress as I see it, must be in the development of joint machinery between the workers' and the employers' Organizations, but with a somewhat enlarged conception of its use and purpose. This should be regarded as the first preventive measure.

But in the light of the development of great industrial Organizations and the possible effect of their action (not only in industrial war but also in industrial peace) upon the economic life of the country, neither the disputes nor the agreements of these bodies can any longer be regarded as matters which those outside any particular industry—including the general public—have no concern.

Probably no more important development in recent years has taken place than the exhaustive machinery set up under the Railway Act of 1921, with its provision of ultimate reference to a National body which includes in its constitution, representatives of the users of the

Railways, and provides for the full facts of whatever matter is referred to the Board, to be stated.

We require, however, to visualize industry more as an economic whole ; to have regard to the reactions of one industry upon another, and to deal with questions affecting the relations between employers and employed in industry more scientifically than has hitherto been the case. Personally I should like to see a body set up in the form of what I will call an Economic Council, representative of the Organizations of the employers and workers, with representatives of economic science and of those versed in the problems of finance, commerce and industrial management, equipped with a competent and technically qualified staff for the investigation of economic and industrial affairs. Such a body, if it were properly constituted, after negotiations with the organizations of workers and employers, might as one of its first tasks, undertake a thorough enquiry of our methods of dealing with wage disputes in industry. Wages questions which are responsible for the largest proportion of industrial disputes, have to be dealt with at the present time in a very unscientific and unsatisfactory manner, both by the employers and the trade unions, because there is no general agreement as to the principles which ought to govern and guide the negotiations on wage claims. If there were in existence such a body as the one I suggest, it could undertake with the assistance of the Government Departments concerned with trade and industry—the Board of Trade and the Ministry of Labour —a very useful and necessary piece of work in conducting an investigation of the fundamental facts required for the formulation of a more reasonable method of determining wages.

The authoritative body of the kind I have described, would, I venture to say, speedily justify its existence in many other ways. In addition to undertaking the specific investigation of our national production and cost of living, with the object of framing a series of indexes which can be used for measuring changes in the volume of the national production and in the level of prices,

there are other functions which this Economic Council could fulfil. It would become inevitably a Court of Reference when disputes arose in particular trades and industries which could not be settled by the existing procedure ; disputes in which the first requisite is a knowledge of the facts. In other words, I am suggesting that the purposes which the Courts of Inquiry which the Minister of Labour is empowered to set up under the Industrial Courts Act, might be more profitably and successfully prosecuted by calling into existence a permanent national organization of an authoritative, objective and impartial character, to explore the whole ground of every dispute, with the single intention of eliciting all relevant information regarding the issue, and of making recommendations for dealing with it.

I am not proposing that this body should be authorized to arbitrate the issue, or take the settlement out of the hands of the two parties who are directly concerned ; but that it should be accepted as the competent tribunal for investigation of the facts.

With all the facts before the tribunals and some guiding principles upon which to formulate decisions, arbitration must inevitably become so much an accepted part of our industrial arrangements as to make for the elimination of the wasteful struggles which affect so adversely the well-being, not only of those engaged in industry but the community at large, and that condition of things may well become a relic of a past and less enlightened generation.

## *PROFESSOR HENRY CLAY'S SPEECH*

Professor Henry Clay, M.A., M.Com. (University of Manchester) said :

Two objections are commonly urged against any attempt to make arbitration in industrial disputes compulsory. The first is that there is no accepted body of principles which a Court could apply to the settlement of particular disputes ; the essence of judicial procedure

in the application of accepted principles for particular cases. The second objection is that it is practicable neither to prevent a strike, when a large body of workers is determined to strike, nor to compel acceptance of an arbitrator's award when a large body of workers believe the the award to be unjust.

The first objection does not seem to be decisive. It is true that society is not agreed on what it means by a "fair wage" or a "just settlement," and that therefore a Court that sets out to establish "fair" wages and "just conditions" could not expect unanimous support for its determinations. But industrial arbitration, so far as it is within the region of practical politics at present, has a much more modest aim than this. It is proposed merely as a substitute for the waste, inconvenience, and ill-feeling of a stoppage. The arbitrator's function, therefore, will be always that of making adjustments in, or modifications of, existing rates and conditions, which he will do in the light, not of general principles of justice in distribution, but of the particular circumstances of the particular case. The analogy with a Court of Law is false and misleading; a wage is a price and the Courts do not settle prices, and have no body of accepted law for the regulation of prices, any more than they settle wages. The kind of disputes that Courts of Law can and do deal with are disputes about the fulfilments of contracts; the kind of disputes that are parallel with industrial disputes on the other hand are differences over the terms or content of contracts. The Courts would have the same difficulty in settling the price of yarn as they would in settling spinner's wages. Industrial arbitration, then, has only a superficial resemblance to judicial procedure; essentially it is an expedient for finding economically a working compromise between two conflicting claims, neither of which is necessarily unjust or inequitable in itself.

Looked at in this way, compulsory arbitration is not open to the objections usually urged; it is, however, open to a different, a practical objection. A dispute arises because there is a conflict of interests; it persists

because it is impossible to reconcile the conflicting interests. The arbitrator is forced, therefore, either to disappoint one of the conflicting interests by awarding in favour of the other, or, more usually, to disappoint both by awarding a compromise. Most disputes, whether they reach arbitration or not, are compromised, because the actual negotiators are usually sensible people, who see that concession is necessary. But the rank and file of the two sides, who take no part in the negotiations, are usually convinced of the absolute justice of their claims, and regard any concession as an injustice. The compromise, therefore, is in need of propaganda and defence, if it is to provide a real settlement. It is more likely to get this support if it is the outcome of direct negotiation, for which the leaders of the two sides are personally and directly responsible, than if it is an arbitrator's award. It is also on the whole likely to be intrinsically a better settlement, since most differences involve technical considerations on which the most clear-sighted and sympathetic outsider is likely to be imperfectly informed. Arbitration, therefore, if it tempts the leaders of industry to shirk the responsibility of settling their differences themselves, and to throw this responsibility on to an arbitrator, is likely to obstruct rather than to further, industrial peace. If arbitration is to give us what we want from it, it must be voluntary, not compulsory, and the leaders of the two sides must assume the responsibility for carrying out the awards they have invoked.

A disbelief in the possibility or desirability of compulsory arbitration is quite consistent, however, with a firm belief in the desirability of using arbitration wherever possible as a substitute for the stoppage. It is not necessary to emphasize this so soon after the close of the year 1926. There would seem to be four obvious cases in which the refusal to submit a difference to arbitration is an unreasonable infliction of loss on the community.

The first is a difference over the interpretation of an accepted agreement or award. Most agreements and awards are obscure at some point or other, and give rise

to differences of interpretation. The interpretation of a document is a different work from the drawing up of a document; for the drawing up technical experience and special knowledge are needed; for the interpretation a legal training. If, on interpretation, the document is shown not to have a meaning that it was intended to have, it should be competent for the party that finds its intention so thwarted to re-open the original negotiations; but the question of interpretation should be distinguished from that of revising the agreement, it is not a question that lends itself to rational settlement by strike or lock-out.

The second case develops out of the first. Where a general agreement or award is in force, there may be no question about its meaning and no question of its termination or revision; and yet new cases may constantly be arising for which it does not specifically provide. In that case it is necessary to apply the principles of the agreement or award by extension to the circumstances of the new case. If this cannot be done by agreement—or even if it can—it will often save time and temper to refer it to an arbitrator who, from dealing with a succession of cases of this sort, becomes expert. The setting of new piece prices in an industry in which payment by results under collective agreement is the rule, is an obvious field for arbitration of this sort.

A third case raises rather different considerations. In the two previous cases we assumed a general agreement between the parties and differences only over its application. Now it may happen that the parties to a negotiation have reached no general agreement, and be unwilling to make any further concessions, but still have narrowed down their differences to a very narrow margin. To stop the industry in such a case would involve both sides in losses greater than the maximum additional concessions that an arbitrator would require of them. It would then be no shirking of responsibilities to invite an arbitrator to "split the difference."

Finally, there are still some industries in which feelings are not so inflamed as to make a rational calculation of

losses impossible. Agreement by direct negotiation may fail, and each side may be convinced both of the justice of its claims and of its ability to exact them. Even then there is still room for an arbitrator who shall set himself, not to impose his *a priori* notions of what is a just wage, but merely to examine the situation and judge what would be the probable outcome, in terms of wages and conditions, of a stoppage. This judgment he can embody in his award. If he has experience he is not likely to be very far out, and the industry will have got the settlement—the ascertainment of which is the only object and justification of a stoppage—without the expense of a stoppage. Whatever else may be urged against it, arbitration by consent is at any rate cheaper than stopping an industry.

We are left with a final question—how to secure the voluntary submission of disputes to arbitration; and here, like every other advocate of arbitration, I have to confess my helplessness. Compulsion we rule out, not only because it is impracticable, but because in the last resort free bargaining depends on the right to strike and lock-out. We are left then with only the appeal to reason, the plea that on a rational calculation of advantages in ninety-nine cases out of a hundred, the stoppage will cost far more than it can possibly secure. The difficulty is to secure a hearing for reason. The strike, which should be the type of pacific passive resistance, takes on the temper of war and invokes the methods of war propaganda. The aim of the leaders on both sides is to establish and maintain unity among their followers; to do this the easiest way is to work them up into a state of excitement; and of all passions the easiest to excite is the passion of hate. The opponents in the recent dispute in the mining industry spoke of each other in terms reminiscent of the war propaganda that in England was directed against Germany and in Germany against England; they did not think of each other as fellow-countrymen in a difficulty for which in the last resort neither was responsible. And it cannot be questioned that in the short run the appeal to hate is effective;

unfortunately its effects cannot be confined to the short run, and, by clouding reason and exacerbating feelings, it is in the long run as wasteful economically as it is deplorable morally.

Our difficulty then is to create an atmosphere in which the appeal to reason—a rational calculation of probable gains and losses, a sincere attempt to understand the other party's difficulties, a fair consideration of the advantages of an impartial judgment by a disinterested outsider—is easy and likely to be heard. In spite of last year's unhappy experience there is no reason to despair of attaining this. Sir William Mackenzie has reminded us of the facilities which the Government has offered for such an appeal, and of the extensive use that is made of them. Mr. Pugh has shown that arbitration and conciliatory methods have a long history behind them, a history that represents the gradual gains of reason at the expense of prejudice and passion. May I point out that, if we consider the number of stoppages, as distinct from the magnitude (and the number of disputes issuing in a stoppage is a better index of the ordinary practice and temper of industry than the failure of a few negotiators in a single industry, however large, to reach agreement) we have every reason for hope; for there were fewer stoppages last year than in any previous year in the present century. The magnitude of the mining dispute last year must not blind us to the relative improvement in the statistics of disputes outside mining in recent years.

There are two suggestions that I wish to put forward. The first is to support the plea for increased publicity of accounts and the provision of more adequate statistics of economic conditions by the Government. In particular I should like to see a more frequent use of the powers of enquiry given by Part II of the Industrial Courts Act, and the inclusion in all reports of such enquiries of a statistical analysis of the position of the industry; secondly the ascertainment by an accountant of statistics of wages and trading profit in connexion with enquiries and arbitrations, and of ascertaining not only average

figures, which are of very little assistance to an arbitrator, but the dispersion of wages and profits about the average ; and thirdly, the importance of a more frequent wages census, which would give us at any time up-to-date and authoritative figures in all occupations for purposes of comparison with wages in the industry in which a dispute occurs.

My second suggestion is that every important dispute should be followed by an official enquiry into its cost. What is needed after a dispute like those of the past year is a severely scientific " inquest " by an expert committee, drawn from the statistical departments of the Ministry of Labour and the Board of Trade. Of course such an estimate could be no more than an estimate ; but that does not mean that an estimate sufficiently reliable to be useful could not be made. The investigations should deal with the loss of production in the industry in which the dispute occurred, and the resulting loss in wages and profits and foreign trade ; with the loss of trade, directly attributable to the stoppage, to allied and dependent industries ; with the cost of relief to the Unions, the Poor Law and the Unemployment Insurance Fund ; and with any other consequences of the dispute that were capable of measurement in monetary terms. Such an estimate of cost would bring home to the most embittered partisan what the consequences of his action had been. He might still approve his action, holding that the intangible gains more than offset the tangible loss ; but he would be a little more predisposed in the next crisis to consider the possible loss ; and if he himself were unaffected—and the attitude to economic facts of some partisans in industrial disputes on both sides often reminds me of Mr. Harold Skimpole—his colleagues and followers would be encouraged to criticize and check him.

CHAIRMAN : A slight inaccuracy has occurred in the three speakers, Mr. Hichens, Mr. Pugh and Mr. Clay, which I should like as far as I can to correct.

Mr. Hichens and Mr. Pugh said that arbitrators were trying to split the difference. Speaking from inside

knowledge of the Industrial Court, I can assure you that on no occasion nor at any time did the Industrial Court ever act upon the principle of splitting the difference. On every occasion they gave the decision upon some sound rational principle.

## *DISCUSSION*

Mr. Alderman Morley (Water Workers' National Executive):

Most of us here who are Trade Unionists did have a great feeling of confidence in Sir William when he was Chairman of the Court. We saw that he was applying himself to understand what we were putting for the workmen. That is the atmosphere we want. But your Government does not encourage it. I have a case still unsettled. Documentary evidence was put in showing that there was under-payment of wages, over-working of hours, non-payment of overtime, and then the Government Department actually came to a decision and I was never consulted nor asked to give any verbal evidence and never have been asked to to this day.

That is the condition we have to fight against. The difficulty that we Trade Union leaders find is to get the confidence of the men in taking things to arbitration. You have had good results from direct action in the past, and those good results have not been forgotten. There is no doubt about it that an unofficial stoppage, against which the representative official of the Union has given judgment, being successful has a very, very great effect on the morale of the members of the Trade Union and of the workshop. It does not tend to good discipline and the better conduct of industry.

I would like to suggest that the most useful point of Mr. Hichens' speech was the suggestion of the monthly consultation between representatives of the workpeople and the employers. I am exceedingly pleased that this morning every speaker has stressed the necessity of the

worker and the Trade Union official being supplied with greater information of the economic condition. . . . We have to rely on the good spirit of the employer to give us accurate information, and I think that that method of consultation would have a great effect in extending the operations of arbitration and bringing the better spirit that I feel the more intelligent employer as well as the Trade Union official and Trade Unionist most desires to see in industry in this country.

Mr. J. Allen (Printing Trades Alliance) :

The greatest difficulty both in foreign and international matters, and also in industrial matters at home, is the secret diplomacy that goes on and the lack of any open court where both sides can be fairly and squarely heard, and public opinion can be brought to bear on the decision at stake. From that point alone we can put up a good case for arbitration.

I do not think anyone in this audience is inclined to favour compulsory arbitration in any shape or form. After all is said and done, if there is one thing the Britisher dislikes, it is to be compelled to do something against his will, and that applies, I may say, to the seventy-five per cent. of the workers of this country who are outside the Trade Union movement to-day.

It is a most extraordinary thing that every one of the gentlemen who have spoken this week on the different subjects from the Trade Union standpoint have proved one thing, and that is that they are very loth to say whether they really are in sympathy with the machinery that we have at our disposal at the present time for settling industrial disputes? On Tuesday, when we were discussing Trade Boards, we were told, or rather inferred, that the best case to put up against the Trade Boards was to the effect that because the Trade Boards had done a good deal of good and because the Trade Boards in certain industries had increased wages, therefore they were injurious to the Trade Union movement. I suggest that those of us who believe in Trade Unionism should be just, and should recognize that whatever machinery can

be brought into being to improve the industrial conditions of the workers of this country should be encouraged, and that even if our own organization as a consequence may suffer, we should suffer gladly, knowing that the majority of the workers of this country are benefiting thereby.

Yesterday we had the question of the J.I.C. discussed, and the most extraordinary thing was that yesterday the J.I.C.s were condemned because they had not done what the Trade Boards had been able to do and what we were told they had been able to do on Tuesday.

It is time that the Trade Union movement and Employers' Federations made up their minds exactly what they want, and having done that I believe there will be no very great difficulty in attaining the object we desire. But it does seem to me, listening to every discussion we have had up to now, that there is a feeling here, and some people at all events will go away with the impression that there is a certain section even in the Trade Union movement and even amongst the Employers' Federations who really are not out for an industrial peace and are paying lip service to the principles for reasons which are difficult to realize and to understand.

I want to refer in as few words as possible to a little experiment tried in the printing industry, whereby it can be proved, and used I think for advantage when we are discussing industrial problems, that employers and workers can get together. A few years ago a certain number of employers and employees got together and formed a Whitley Council. They conducted, and are still conducting that Whitley Council on the lines of a Trade Union. They registered themselves as a Trade Union. They are carrying out every one of the principles for which Trade Unionism was brought into being. Strange to say—and this, of course, is why as a Whitley Council the organization is not loved and liked by certain sections of the trade, that Trade Union consists of employers and employees.

The first guarantee that an employer has to give before he joins that organization is that he is going to pay the rate of wages as laid down by the Fair Wages

Clause of the House of Commons. The advantages to employers who join in that organization are fairly obvious. If he is going to adhere to the wages and customs laid down by the Fair Wages Clause every employer who comes into that scheme is doing something to improve the conditions of the industry, and furthermore is doing something to bear the burden of unemployment in that particular industry.

On the other hand, the employer also has to give a guarantee that under no conditions whatever will he lock his men out during an industrial dispute. The workpeople have to give a pledge that under no conditions will they withdraw their labour during the period of a dispute. It may sound farcical. The difficulty is got over in this way. Should there be an industrial dispute, the Constitution lays down that the matters in dispute shall first of all go before a Conciliation Committee, consisting of six employers and six employees. No outside influences whatever are brought to bear. That Committee meets, the two sides fight out the issue at stake, and with two exceptions since 1918 that Committee has never failed to come to an amicable agreement.

But supposing it does fail, then the Constitution says that they shall go to arbitration and accept the decision of an arbitrator appointed by the London Chamber of Commerce. Twice since 1918 that organization has gone to arbitration, and on each occasion, although the men on one occasion got a little advantage, on the other side we came out practically fifty-fifty. The fact remains that the arbitrator's award in each case was accepted by both sides, and that organization to-day is working on those lines and is having an exceedingly prosperous career.

Under our constitution we have laid down certain things that we are going to promote and try to bring into being. Two of these things are profit-sharing and co-partnership, a thing that has not been mentioned in this Conference yet. However, if we could only get co-partnership introduced into the industries of this country, then and not till then will the worker get some

idea as to how a business is conducted, as to the responsibility and difficulties of conducting that business. Not until then will he get a direct interest in that business, but when that does happen we shall be well on the road towards industrial peace. We are promoting those schemes, and though we have only been in existence for a few years, I am happy to say that several employers have adopted profit-sharing schemes, and two are considering the adoption of co-partnership schemes in their own particular businesss.

Mr. Lee (General Municipal Workers) :

I want to secure from Mr. Allen the name of this Whitley Council about which he has told us so much.

Mr. Allen :

The Printing Trades Alliance. It is run on Whitley Council lines ; it is not a Whitley Council.

Mr. Dalgleish :

There are three things which I would not willingly give up. One is my amusement at the rather comic suggestion that employers should agree to become Trade Union recruiting sergeants ; the second is my disbelief in compulsory arbitration ; and the third my belief in the Trade Unions having power to bring their members out in disputes without their members leaving us in jeopardy.

But having said that, I would not like it to be thought that I object to arbitration. As one who has had some years of experience going before the Court, of which, you Sir, were once the distinguished Chairman, and the Courts that preceded it, I know that we do get a fair show when we go to the Industrial Court. From my experience I understand that there are really two reasons why people hesitate to go before the Industrial Court. One is that they have some fears that the Industrial Court is weighted against them, and the other is quite frankly that there is no case. My own view is, and I am speaking, of course, purely in my personal capacity, that if you have a case of any sort there need be no danger of putting it to arbitration.

# SIXTH SESSION

## CONCILIATION SCHEMES

The Sixth Session of the Conference opened on Thursday, February 3rd, 1927, at 2.30, the subject under discussion being Conciliation Schemes. The Rt. Hon. J. R. Clynes, M.P., was in the Chair.

## *CHAIRMAN'S ADDRESS*

THE CHAIRMAN said :

I think myself that with respect to the settlement of industrial disputes, our greatest need is not for facilities for conciliation, but for adequate machinery to cover the recurring cases where conciliation breaks down and where the two parties then proceed to fight it out. I shall say later how I think alone adequate provision can be made to cover that event. We hear all the worst of the news that can be circulated either in the press or from public platforms ; the better side of the case seldom finds expression.

It is unhappily true that the good and the attractive work readily undertaken and so frequently finished by those who represent the different interests in industry is passed by almost unnoticed, while any instance of friction or conflict between different parties becomes a subject of wide and heated discussion. The joint services of the Trade Unions and of employers' associations prevent far more disputes than the existence of these bodies may occasion, but their successes are hidden away in the unread records of Trade Union minute books or in reports which very few people ever see. I have been now for some thirty-six years that terrible person who is classed sometimes as a Trade Union official, but is more often described as a paid agitator. I think it was John Bright who once said that agitation was the lever by

which grievances were removed, and I have never been ashamed of having to agitate so as to replace wrong with what I imagined was right and improved social and industrial conditions.

Generally speaking, the most active agents for industrial peace are Trade Union officials, and ninety-nine out of a hundred responsible men of that class know that their members stand to lose most by conflict and stand to gain most by successes due to conciliatory effort. There are, of course, rare, though widely advertised instances of bragging and of swaggering in public, and of menacing pronouncements of what will assuredly be done unless certain terms which may be demanded are unconditionally conceded. In this way some few men secure a momentary prominence, which is due less to their experience or capacity than to an appearance of authority conferred upon them by the public press. In the real service of negotiation, apart from other spheres of propaganda or of agitation, the influence of that man, who is called an extremist, is insignificant. Those of us who for long have had opportunities to enter into intimate discussion with employers in board rooms and conference chambers, and in conferences large and small, know how true that is. But the ultimate success of moderate opinion and of reasonable appeals depends upon the responsiveness of employers and upon readiness upon their part to meet requests when they are fairly presented.

The chief handicap of the reasonable negotiator is found in the reluctance of employers to concede anything until a demonstration of force compels them to yield.

May I just ask you to recall the position as it was long before the war. In those years when our trade expanded and profits increased, there was a state of uninterrupted prosperity. In those years scarcely ever an instance occurred where employers of labour voluntarily conceded anything. In those years the demand was not for an advance of 5s., or 10s., or 20s., but more commonly for an advance of at the most about 2s. 6d. a week ; and rare if ever was the case when any concession was made except to some demonstration in the nature of a show of force

or a threat of strike. That is why the strike weapon has often to be used, and why this main instrument of working-class advance never can be given up.

But the free use of that weapon must always be costly and destructive, so that a maximum of conciliation in my judgment will yield to the worker a far greater profit than a strike designed to enforce his demands. In reserve, therefore, the strike weapon is the more potent. Frequently in use it is bound to inflict greater hardship and loss upon wage-earners than upon employers of labour.

In the midst of all our troubles and our search for remedies, it is in these matters essential that we should avoid the ideal, because when dealing with human nature, you find that masters and men have a knack of not taking any notice of ideal or fancy proposals. Counsels of perfection do not commend themselves to the parties who are concerned. So that we cannot find industrial peace in any search for miracles or by merely calling for a spirit of brotherhood and of goodwill.

The right spirit of approach, of course, is all important, but it is only secondary to recognizing that the true interests of both sides in industry cannot be found in fighting it out, but in coming to terms whenever it is possible for them to do so.

Terms are now reached, as you know, in the case of about one and a quarter million workers under the auspices of Trade Boards, and though those Boards have in some small degree the function of a court of law, settlements in the main are the result of negotiation and of the weight of argument and discussion that may be brought to bear.

In like manner a few more millions of workers have their claims and recurring disputes adjusted and settled through the Joint Industrial Councils. As one who had the honour to act with Mr. Speaker when years ago the formation of these Councils was under consideration, I have ever regretted that those Councils have had to do their work in times which never yet have been normal,—just a little prior to the war, during the war, since the war,

the whole conditions have been continuously abnormal, and a large part of the functions of the J.I.C.s have never yet been called into play, that part dealing with so many matters which lie outside the region of wage claims and which deal with the broader aspects of jointly seeking the prosperity of any particular industry.

In what way can one find a remedy which might provide for these occasions of breakdown, when with the very best intention and when all efforts at conciliatory proceedings are exhausted, no settlement can be reached by the two parties? I can see nothing myself other than a form of arbitration, that is to say a condition where you must bring in some outside party, judged to be fair, sufficiently possessed not only of sympathy for those who are in conflict but of a real desire fairly to decide between them. That arbitration must be of a voluntary kind. Most of those who have acted within these J.I.C.s and all who are now outside them—such as those great big groups of industries like engineering, cotton, shipbuilding, building, and mining, although in each one of those cases there is some kind of organization answering to a J.I.C.—there is not, I think, in any one of them an organization called into action before trouble has begun, and that frequently is found to be a handicap in itself. Contending parties should never leave the causes of a quarrel out of account and go into it as though the end of a quarrel were a settlement. The end of a quarrel is usually the first stage of the beginning of the next dispute. That we know to be true, not only in industrial affairs but in the larger affairs of the world as well. Therefore we should seek to secure a settlement by agreement and not either by conquest or by sheer weight of power imposed by one side upon the other.

A factor which always comes close to the negotiator especially the negotiator upon the Trade Union side, is presented to us in the general picture of industrial, economic and social life, a picture which the worker himself is seeing more and more in larger dimensions than he ever saw it before. It is the picture of those exasperating extremes expressed in a state of poverty

which the wage-earner ought not to have to endure, and in a state of undeserved affluence and riches possessed by those who have no apparent title to them. I am not here thinking of what we call brains, or service, or ability. I am all in favour of paying to them the very highest reward and giving to them the greatest security.

Social security must find its greatest danger in these extremes of impoverishment endured by wage-earners on the one hand, who have to face the possession of enormous fortunes enjoyed by many who do very little to deserve them. Whatever be our conflict of view upon these points, I suggest that a mutual advantage can be derived not by trying to compel people to arbitrate or by calling upon the law to enforce arbitration, but by showing people that a prior acceptance of arbitration and of the general principles underlying arbitration will ensure to both sides the greater profit and confer upon industry as a whole a sense of security which cannot now be enjoyed.

The first thing we have to do in proceeding upon that line is to remove suspicion and to make more clear what is meant by arbitration. I can recall a case of many, many years ago, where in a Lancashire town in the course of a long drawn out dispute this matter of whether we should go to arbitration arose. As you know, these matters are sometimes left to the judgment of a meeting of the men. After some general discussion one workman in the audience got up and solemnly moved that we go to arbitration provided we get what we want. (Laughter.)

Apart from that rather simple view, there is that other view resting upon misunderstanding, that arbitration involves some sort of compulsion or force employed either by the law or by the arbitrators or by some power greater than the masses of workmen themselves.

What I am pleading for is this, that in most cases—I would not say in all, that is why I have argued that the strike weapon cannot be forfeited, that in reserve it is the only power upon which the workmen can fall back—but I say that in most cases it would be better for workmen

to cultivate the habit of mind of remitting cases to arbitration when they have failed by existing efforts to settle matters by conciliatory methods. If we can prove to the worker that facts as to profits and dividends will not be concealed, and that humane considerations will very largely determine the decisions of a tribunal, and further that the tribunal itself would act judiciously and could always be trusted, I am satisfied that the workers would tend to see in voluntary arbitration the essence of a better bargain than now they may see in the use of the strike weapon.

Well, ladies and gentlemen, I have only to add that I am very glad that the League of Nations Union is making this addition to the long list of great services which so far it has rendered to mankind and I am glad to think that the deliberations of this body will in due course find their way to Geneva. It is in this way that the standard of life for mankind the world over is raised and can be raised, and the League therefore is entitled to our very best acknowledgments and thanks for the great humane service which it continues to render.

## *PROFESSOR GILBERT MURRAY'S SPEECH*

Professor Gilbert Murray, LL.D., D.Litt. (Chairman, Executive Committee League of Nations Union), said :

Industrial relations suffer a good deal from the incursions of well-meaning busybodies, and I have an uneasy feeling that my appearance this afternoon, among persons who have so much more experience of this subject than I have, may well seem to constitute just such an incursion.

But I have thought it right, as Chairman of the League of Nations Union, just to express on behalf of my colleagues the very great interest which we take in these questions, which form the subject of the International Labour Organization, and our desire to help forward in

every way the work of Industrial Peace. And besides that, I have always held that in these questions the League of Nations Union has one definite message of its own to deliver.

If a historian inquires into the origin of the League of Nations, he will find himself asking the question why, at the end of the Great War, twenty-nine different nations were ready to sign such an extraordinary treaty as the Covenant. It was not the sort of treaty that nations like signing. It was far stronger in its obligations than any arbitration treaty which even the most advanced nations had been willing to sign before. Yet everybody signed it ; they came rushing to sign it. Twenty-nine nations straight off, and presently fifty ; and eventually you may say that all civilized nations came in, except the two or three that had some special motive, domestic or other, for staying out.

And before 1914 one may safely say that no single pair of them could have been got to sign such a treaty.

What was the cause of the change ? It was not that the human race had become good all of a sudden ; not that Governments had improved in their morals. No doubt there was a stronger moral revulsion against war than there had been before we knew so much about it. But I think that the main cause of the change was simply the practical commonsense discovery that in the present state of civilization war was intolerable ; war means ruin, whether it is won or lost. Civilized society cannot any longer afford to make war. If you think it out, war means the concentration of the whole available force of all the belligerent States on each side on the destruction of the life and livelihood of the other ; and in the present state of affairs both sides do it too well. First, because we are more easily destructible : our livelihood depends on a very delicate equipoise and is more easily destroyed than it used to be ; and next because we have learned how to concentrate and mass together the whole force of the State with a new and terrible completeness. We make war so well, we damage each other so profoundly, that victory is almost as ruinous as defeat.

Now the chief reason why modern war has become thus intolerably destructive is not the destructiveness of the weapons, nor the enormous loss of life. The chief reason is what is called the economic nexus that binds all civilized nations together. Many nations suffered from famine and pestilence at the end of the war; but the reason was mostly not a military reason, but an economic. It was not the high explosive that wrought the most signal damage; it was not even the naval blockade; it was the disturbance of the whole economic equilibrium of Europe. When we say, quite truly, that "Civilization cannot stand another war;" that "we must end war or war will end us"; we are thinking chiefly of the economic disturbance which war now brings in its train. That is why we cannot afford war. That is why all the patriotic nationalist rhodomontade that sounded so heroic in the last century; the appeals to people to seize their rifles and defend their national honour; to fight to the last gasp against the foreign villain and never negotiate or yield; and all that style of thing, seems now so much disastrous nonsense. Those phrases may have been the right answers to some problems in the past, but to our problems they are no answer. We know now that by seizing rifles, practically always, you only make a bad state of things worse; we know that all sane men *must* negotiate, and that all reasonable statesmen *must* sometimes yield. And we know further that though a reasonable state of mind is not in itself an answer, it is the necessary condition for finding the answer. For our problems are largely new, and we have to look for new answers.

Now my argument is that the same change has really come about inside each industrial community as has come about between nations. When the economic nexus was less vast and less delicate, above all when we were not by means of that economic nexus supporting enormous populations in small territories, then no doubt people who had a taste that way could afford strikes and lock-outs. The disturbance in world trade was not irreparable; and in spite of loss and hardship there was

at least a sporting chance that one party could gain a real advantage by downing the other. At present that is no longer so. From an industrial war, as from a military war, neither side emerges without ruinous loss. But there is more. We are now faced by the possibility of real dangers which would have seemed perfectly fantastic a generation ago. For example, I have met an American financier of considerable experience who thought it on the whole more probable than not that, owing to our constant strife at home and the loss of our markets abroad, England would presently have a famine like that of Austria and for the same reason. Post-war Austria is little more than a vast capital city, Vienna, cut off from the hinterland on which it lived. Great Britain, the small over-populated island, was like Vienna ; our foreign trade was the hinterland on which we used to depend, and from which we were now to be cut off. I think that subsequent events have shown that his fears were erroneous, or at least premature. But it remains true that the livelihood, and even the life, of our vast population depends on the delicate and intricate equilibrium of international trade. We cannot afford to shatter that equilibrium by fighting one another.

People who say this are perhaps a little too ready to lay the blame preponderantly on one side. That is all wrong. If you want to work for justice and mutual understanding you cannot allow yourself to be a partisan. That is the first great lesson that one learns in international politics. You must first try to be fair to your opponent, and it is always wise, I think, to try to be a little more than fair ; and then, when that is done, realize that your task is only beginning.

For the real task is for both parties, working together and aided by men of good-will and expert knowledge to discover the best methods they can for dealing with new problems—and problems which are not only different from what we were faced with before the war but which often are actually changing under our hands. It is very tempting, when one feels bewildered, to repeat the old battle-cries. But it is also very dangerous. Because

the old battles were nearly always about something else. If we mean in this generation to do our business well, we shall be forced to do two rather disagreeable things : first to enquire into facts and then to think.

One point more. Several Commissions have recently been sent out from this country to study American methods. I fell in with one of them when we had both just been over the wonderful establishment of Mr. Edward Filene in Boston. You have there admirable conditions : high wages, moderate hours. All questions concerning discharges, transfers, rates of payment and other conditions of employment are settled by an elected Arbitration Board of the employees on which the Management is not even represented. There are all kinds of arrangements for the convenience of the employees, who are formed into a Co-operative Association : a bank, a clinic, a library, special shopping hours and special prices at which they buy. There is altogether—so far as a casual stranger can judge—an extraordinary spirit of good-will and cheerfulness, and a general wish never to be inconsiderate to anybody. Now this is in part due to the statute of the organization and much more to the really inspired kindliness and foresight of Mr. Filene himself. But it would have been almost impossible to carry through without the presence of another factor : I mean the general ease that comes from great prosperity. When all are doing well ; when a little loss on a particular item does not much affect the balance ; when a business is growing and thriving with the impetus of well-established success ; then it is much less difficult for good people on both sides of a dispute to be fair and even indulgent with one another. I cannot help asking myself two questions. Was there the same generosity, the same ease of going, when the brothers Filene, as young men, were working their fingers to the bone to build up from nothing this vast enterprise ? I have no doubt that the Filenes were always just men and generous as far as was possible. But how far was it possible ? And again, can we expect our masters and men, in hard times and dangerous times, when wages are low and profits small and both highly

precarious, to exercise the same good nature and the same friendly reasonableness that we find in the Filene Association? We know that they ought to do so. They know that they ought. But we must realize that we are asking of both sides something that is not easy but very difficult, and which might well outpass the powers of their most confident critics. In a time of hardship to remember the need of others; to think of the whole industry when you yourself have not enough: to take the risk of being outvoted when you feel sure that you see the way to save the business and other people do not: that is what puts a strain on human nature. And that is what we must needs ask our men and masters to do.

It is asking a great deal: but we can hardly save our industry with less.

## *THE MASTER OF BALLIOL'S SPEECH*

The Master of Balliol (A. D. Lindsay, C.B.E., M.A., LL.D.) said:

I feel that I have very little claim to speak in this discussion on conciliation schemes. These are matters for experts, and above all for those who have had practical experience of the working of such schemes. I am acutely conscious how difficult it is for an outsider to say anything of value on questions of this sort. Still, the ordinary public are enormously concerned in this great question of industrial government, and it is perhaps appropriate that they should be represented in the discussion. The only special qualification I have for making even the very general remarks I propose to make is that of being a student of political theory and organization. That is at least a qualification appropriate to this conference, where the League of Nations Union, whose primary concern is with the organization of peace in the world of politics, is considering the methods of securing peace in the industrial sphere. My remarks must be very general and you will excuse me if what I

say should be more appropriate to to-morrow morning's discussion on Industrial Relations than to a special discussion on conciliation schemes. I am sure that we have more and more to look at industrial conflicts in the light of the lessons already learnt in politics, and that nothing but good can come from doing that if we apply the experience gained in the political sphere, not as though it could give us rigid rules, not ignoring the differences between the two spheres which are as real as the identities, but as elastically and discriminatingly as we can. But we must all recognize that one of the distinguishing features of modern industry is the vast amount of government, organization and management of men by men that it involves; and our continual discussions make it clear that although we have travelled a long way from the simple despotism which marked industry in the early nineteenth century, we have not yet reached anything like a satisfactory solution of the governmental problem of industry. My own conviction is that in this country no solution of governmental problems is possible which is not a democratic one—that a society with democratic politics and oligarchically governed industry is a house divided against itself—but I am equally convinced that it is the plain teaching of political experience that there is no universal standard pattern of democratic government, and that the successful democratic governments are those which have been worked out to meet specific circumstances and problems—and that therefore the governmental problem of industry will be solved in all kinds of ways, varying from industry to industry, possibly even from business to business.

I hope that no one will think that because I talk of democracy in industry I am putting forward any particular slogan. We have read continually lately of the need for co-operation in industry. The press has been full of demands that working men should co-operate with employers. If these appeals are serious, if they are more than appeals that employees should do what employers want or accede to their demands, if they do not confound co-operation with obedience or surrender, or if

they are more than appeals to momentary sentiment and impulse, then they are appeals for organized co-operation and co-operation fully and thoroughly organized is democracy. We may well then consider such imperfect forms of organized co-operation as are represented by conciliation schemes, see what stage of co-operation they involve, and ask how if at all they could be used to carry the solution of the governmental problem of industry a little further.

(*a*) Let me begin by saying what has already been said several times in this Conference, that there can be no true co-operation without recognition of equality of status. Yet it is as essential for co-operation in industry as in politics. Political equality means not that all men are equally capable to perform all political tasks but that power and position should depend entirely on capacity for service, and that what is done is the concern of all. If we are to give all engaged in industry equality of status, we must determine men's powers by what they do ; we must believe that what is done is the concern of all and we must give some practical expression to that belief.

(*b*) Let us now look for a little at the stage of co-operation which industry has reached, especially in Joint Industrial Councils and Conciliation Schemes. A lot of businesses—more or less independent—governed by executives not popularly responsible—working under an elaborate code of law enacted by mutual agreement between the executives organized into one association—a federation of employers—on the one hand, and the governed organized into another federation—the Trade Union or Unions concerned—on the other—and having this further characteristic, that their code of law is interpreted and worked out by this same joint body.

Let me make some quite general reflections on this position :

1. This is a perfectly familiar stage of constitutional development—an executive not responsible for its action to the governed but being able to act only under the

limitations imposed by a code of law. The experience of history is that it is not a satisfactory type of government, though infinitely preferable to despotism or anarchy—just because the executive is irresponsible, entirely separate from the legislative power. The legislative power of action is negative—it lays down limitations. It cannot itself act: can only say that the Executive should only act under such and such rules. Such legislation and such codes, however necessary to prevent executives doing wrong, may often hinder them from doing right.

2. This is a federal situation—a number of governments working under a common code, enforced by a federal court. The common code and the federal court are essential to the situation, but it is not essential to the situation that there should be a federal executive, i.e., that the different businesses should be merged into a trust. But if the governed find the expression of their will only in the formation of the federal code and its interpretation, the odds are that the federal code will be too elaborate—will not give some executives enough scope, and will therefore get in the way of proper initiative more than a code otherwise would. The characteristic defect of this kind of government will therefore be exaggerated.

3. Political experience has also clearly shown that the democratization of this kind of government must begin with the units, not with the whole federation—that it is far easier to solve the great problem of government (how to combine the initiative of the executive with popular responsibility) on a small scale than on a large one; i.e., the problem of popular control is to be solved within the separate businesses, and if it is so solved, it is solved altogether—i.e., democratic units working under a common code interpreted by a federal court would be a completely democratic solution—would indeed be the real counterpart of the League of Nations, but that it is essential that the democratic problems of the units should be solved within the framework of the common law, and

be used so as to strengthen, not weaken the forces that support that framework.

In much of our controversy the federal situation is neglected. We either think only of the management of the industry as a whole, as though that were the whole problem, or only of the popular control of the business as though that would render unnecessary the common code and the federal court—Trade Union regulations and Trade Unions to interpret them. But both are necessary —the agreement on and enforcement of a common standard of life by the conciliation scheme for the industry *and* the responsible government within the business.

Because the problems are tackled separately schemes which start with the separate business are opposed or hampered because they seem to make unnecessary or to weaken the force behind the common code, i.e., to weaken Trade Unions; schemes which start with the industry do not allow enough elasticity and initiative to the separate business, or they are on such a large scale that they cannot be effective democracies, either the effective power of the executive or the real responsibility to the governed disappears.

We have emerged in industrial relations in the last three-quarters of a century from barbarism to at least some kind of respect for law almost entirely by means of the development of Trade Union organization. It would be the height of folly to take steps that would weaken that organization or to try to act without it. It is because of that that isolated co-partnership and such schemes are no remedy. They give the workmen some voice in the business at the expense of weakening the forces which maintain the common standard of life. We must start with the organization of the industry as it is represented in the meeting of Trade Unions and Employers' Federations as we see them on Joint Industrial Councils or Conciliation Schemes. But if we bear in mind the Federal nature of our problem, is not the next step to suggest that these Joint Councils should work out, or encourage the constituent businesses to work out, a pattern constitution scheme for the constituent businesses

and when they had approved such a pattern, do their best to encourage and further its adoption.

I was reading the other day an American book which described and analysed some twenty to twenty-five experiments in America in what was called industrial democracy. It was clear from that book that in some of these experiments the democracy was a sham; others were inefficient; others were both democratic and efficient, but the original constitutions of these varied enormously according to the special circumstances of the business. The development of organized corporations or democracy in industry can only be worked out by the parties actually concerned, familiar with the practical problems which have to be faced. If the progress we have already made is to be maintained, it should be worked out by or under the approval of the existing industry-wide organization; but I think that the political analogy suggests that the next steps should be worked out by the industry *for* the business.

## *MR. F. S. BUTTON'S SPEECH*

### *Conciliation*

Mr. F. S. Button, J.P. (Member, Industrial Court) said:

The great industrial struggle between Marx and Whitley goes on unremittingly; the two schools whose rival policies rest upon Force and upon Reason. No party has a monopoly of such protagonists. If repression of the one is impossible—as it most surely is—then what can industry do to encourage the other? If Conciliation is so great a factor in the securing of Industrial Peace: what price are we prepared to pay in order to gain it? If a man be temperamentally unfitted for the Conference room—refuses to accept any compromise—believes in rebellion for the pleasure of "having a go"—we need not

occupy time in the attempt at his conversion ; though industry may have to safeguard itself against his policy of destruction. But if men are willing to co-operate, what encouragement will industry offer for so great a contribution to the common pool out of which most good things will come.

The one sure method of combating the extremists who will not co-operate is by encouraging those who will.

At the moment Industry and the Nation are calling aloud for a new sense of responsibility. In many quarters the parties appear willing to respond to the call. In many trades the parties are well-organized, there is a long tradition of Conference work behind them, each side has its trained advocates, and no Industrial dislocation can take place until the whole machinery of Works and Local and National Conference is exhausted. The position is constantly evolving, and because the experience of trade and trade differs, no universal system conforming to a definite central plan can be built up. What is universal is the fact that the machinery so arranged is based upon the principle of mutuality and the only binding force is agreement to accept decisions mutually arrived at. There can be no higher form of compulsion and it is difficult to withstand the argument that such discipline pre-supposes the existence of a real measure of equality between the parties.

The time at my disposal enables me to choose only a few typical instances of Conciliation Schemes in some of the more important industries.

### *Engineering*

In the year 1897, an agreement was reached between the Engineering Employers' Federation and the Trade Unions concerned which set up machinery for dealing with wages and conditions of labour by means of Local and Central Conferences.

If a question arose in a workshop and was not mutually settled therein, or a claim for an adjustment of wages affecting a district was tabled, a Local Conference would

be arranged between the parties. Those present represented the Local Association of Employers and the Local Officers of the Trade Union or Unions concerned. If no agreement was reached at such Local Conference, the matter could then be referred to the Executive Body of the side which desired that the matter should be further considered. The next step was the calling of a Central Conference at which both sides would be represented by its Executive Officers. Local representatives from each side were available for consultation, though the Conference proceedings were confined to the Executives.

This machinery stood the strain until well into the war period when the parties concerned submitted matters arising to the Committee on Production and later to the Industrial Court. The whole scheme is now broadened to take in, and grant representation to, shop officers of the Union.

These are known as stewards and they must be actual workers in the establishment concerned who are chosen by their Trade Union and, after due notification to the management concerned, exercise certain powers in accordance with the agreement. They serve as the workpeople's side of a Works Committee, on which the management shares equally a membership of fourteen. By these means a question which a workman may raise with his shop foreman, remaining unsettled, may pass through all the stages as here outlined.

No strike or lock-out is permissible until these " Means for avoiding Disputes " are exhausted.

### *Shipbuilding*

An agreement which has been arranged between the Shipbuilding Employers' Federation and certain Shipbuilding and Engineering Unions makes provision for a workman or deputation of workmen being received by their employers in the yard or at the place where a question has arisen. The interview thus arranged is for

the mutual discussion of any question in the settlement of which both parties are directly concerned. Failing a settlement, a further yard meeting may be arranged at which official delegates of the two sides may be present. If no settlement is thus reached the matter shall be brought before a local conference to be held between the Employers' Local Association and the responsible local representatives of the Union or Unions directly concerned. If the question raised is, in its nature, other than a yard issue, it is competent to raise it direct in local Conference. If no settlement is reached thus locally, it is competent for either party to refer the matter to a Central Conference.

In the event of a failure to agree on the matter at such Central Conference it may jointly be referred to Arbitration, or be referred to a General Conference between the Federation and all the Unions party to the agreement. At this General Conference it is proposed that an Independent Chairman shall preside. The Independent Chairman may be appointed by mutual decision of the parties or, under certain circumstances, by the Minister of Labour.

During these negotiations, no stoppage or interruption or work, either of a partial or of a general character, may take place, but if no final settlement is reached, entire freedom of action is reserved both to the Federation and to the Unions.

### *Coal Mining.*

In this industry Conciliation machinery has existed for the last thirty-five years.

Under the Coal Mines Act of 1912 Joint District Boards were set up. Twenty-two districts were specified in a schedule to the Act and were to be representative of both owners and miners in the district concerned. These Boards were presided over by an Independent Chairman, who was to be appointed by the parties by agreement—failing such mutual agreement—then by the Board of Trade. The first duty of these Boards was to determine

minimum rates of pay for the various classes of workpeople in their district, and to lay down certain governing district rules which required special pit and local knowledge.

Up to 1917 fluctuations in the minimum rates so fixed took the form of percentages calculated on the standard rate. After that period the parties came within the Coal Controller's Department as regards wages, and settlements were also the outcome of negotiations with the then Prime Minister.

Since that time the industry has played a large part in public affairs.

Amongst other encouraging signs it may be noted that in :

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|---|---|
| Scotland<br>Northumberland<br>Durham<br>South Wales and Monmouth | A district Joint Board with independent Chairman has been been set up.<br>Joint Disputes Committee established to meet once a week. |
| Yorkshire<br>Nottinghamshire<br>Derbyshire<br>Cannock Chase<br>Warwickshire<br>Cumberland<br>Forest of Dean | A District Joint Board with independent Chairman has been set up. |
| Lancs. and Cheshire<br>North Wales | Board not yet set up. |

*The Railways.*

A National Wages Board now forms part of the machinery set up under the Railways Act, 1921, to deal with Wages and Conditions of Service of workpeople employed on the Railways in Great Britain. A Central Wages Board is also established, which is composed of eight representatives of the Railway Company and an equal number from the Railway Trade Unions.

Applications for alterations in rates of wages and conditions of service are dealt with by that Board after the Companies and the Trade Unions have failed to agree. The National Wages Board consists of six representatives of the Railway Companies, six of the Railway Trade Unions and four of the "Users of Railways." The independent Chairman is appointed by the Minister of Labour. The present Chairman is Sir Harold Morris, K.C., President of the Industrial Court.

The four "users" are nominated by the Trade Union Congress, the Co-operative Union, the Association of British Chambers of Commerce, and the Federation of British Industries respectively.

To the National Board is referred, at the instance of either Railway Company or Union, any matter on which the Central Wages Board fails to arrive at an agreement. The findings of the National Wages Board are not mandatory but they possess great disciplinary force by reason of the representative capacity of its members.

On the Shop side proposals have been submitted by the Companies for an Agreement which has for its object the granting of full facilities for discussion and settlement of all questions likely to arise relating to rates of pay, hours of duty and general conditions of employment in Railway shops. Shop Committees are proposed to be established which would be representative of management and workpeople.

The main features of the proposed scheme are that in works and depôts where more than one Shop Committee is appointed, a Works Committee may also be established, with a representation of ten from the Shop Committee concerned. The management is represented by not more than the number allotted to the workpeople. Line Committees may be set up for the purpose of dealing with matters arising within the scope of the scheme affecting men employed in detached bodies at various centres along the railway line. The employees' side of a shop or works or Line Committee selects its own Chairman and Secretary, both of whom must be employed by the Company in the Shop or Department concerned.

Machinery is arranged for the raising of any question, within the scope of the scheme with the shop foreman and later with the local railway officials.

When a question of a national character is raised, application must be made to the General Managers of the Railway Companies. A National Railway shopman's Council is established for dealing with national questions within the scheme. At this stage the negotiating body for the Railways as a whole is the Railway Staff Conference. Those representing the Unions are appointed by the whole of the Trade Unions concerned and the ten delegates so appointed must be proportionally representative. If the parties fail to reach agreement, the matter may be referred to the Industrial Court. During the period of these negotiations any right to strike or lock-out is suspended.

### *The Ministry of Labour*

Certain statutory powers are vested in the Minister of Labour under the Conciliation Act, 1896, and the Industrial Courts Act, 1919, enabling him to take steps, by way of Conciliation or Arbitration, to promote an amicable settlement of any differences that may arise between employers and their workpeople. For this purpose there is a special department of the Ministry of Labour charged with the duty of assisting where necessary in the settlement of industrial disputes. This department consists of a small staff at Headquarters, assisted by conciliation officers in London, Birmingham, Manchester, Leeds, Cardiff and Glasgow.

The principle underlying action by the Minister in connection with the promotion of the settlement of disputes is that industries themselves should if possible settle their own disputes. Accordingly, if a dispute arise in an industry in which conciliation machinery exists the practise of the Minister is to encourage the parties to use to the utmost the machinery which has been set up by the industry itself, and it is not until that machinery has been exhausted and no settlement arrived

at that any question of intervention by the Ministry of Labour arises. In this connection reference might be made to an important provision contained in Section 2 (4) of the Industrial Courts Act, 1919, the object of which is to ensure that existing joint machinery shall have been fully exhausted before a difference can be referred to Arbitration.

If the recognized machinery breaks down the question arises as to the stage at which the Minister of Labour should intervene. Of this there can clearly be no hard and fast rules. Intervention must take place at the proper moment, otherwise it will do more harm than good, and the time of intervention must vary according to the circumstances of the particular dispute. The method of intervention may range from an informal conversation or interview with the interested parties, leading up possibly to a resumption of negotiations between them, to difficult negotiations extending over a considerable period.

It is, however, in connection with disputes in the lesser organized industries which have no established conciliation machinery that the good offices of the Department are more often required. The majority of disputes, being local in origin, are dealt with by the Department's local officers. They maintain constant touch with industrial movements in their areas and their services are always at the disposal of the parties to a dispute should they be required. Frequently they are enabled to compose a difference in its early stages before it has assumed the magnitude of active dispute.

In addition to helping in the settlement of disputes the services and experiences of the Department are at all times available to assist employers and workpeople in setting up joint negotiating and conciliation machinery.

I much regret that time does not permit me to deal with the many other trades in which there exists well-established machinery for dealing with industrial claims and difficulties.

At previous sessions the great work of the Joint Industrial Councils has been reviewed and their work of

conciliation considered. But the work of two voluntary agencies must be mentioned. I refer to the Industrial Welfare Society and the National Industrial Alliance. The one Society and its work inside the factory and the other by its propaganda are both playing a large part in creating the right industrial atmosphere in which alone it is possible for the machinery of negotiation to properly and efficiently work.

## *CAPT. H. MACMILLAN'S SPEECH*

Captain H. Macmillan, M.P., said :

I feel a very great difficulty in rising to make a few remarks in this discussion. You have already heard a series of very interesting speeches from those well qualified to deal with different aspects of the subject. We have had, of course, from our Chairman an address from one who has a very long experience in these matters, and from Professor Murray and the Master of Balliol a very clear account of the theory of the whole question, and now from Mr. Button, one whose great knowledge of the detailed working of conciliation machinery is unrivalled.

The first thing that we ought to lay really very great stress on was suggested by a remark which the Chairman made in opening these proceedings. I think there is real danger in the continual talk in newspapers and on the platform on the subject of peace in industry. It is suggested, and there is real danger of the psychological influence of such suggestions, that the normal state of industry is war, and indeed there is even a danger that those who preach peace may incur among some of the more virile parts of the population the usual feelings against pacifists in times of war. Actually, of course, the state is the exact opposite. The normal working of our industrial system is very much better than is suggested by a great number of its critics, and the immense advance which has been made in the working of

conciliation machinery is a proof that we have to follow out, as I think the Master of Balliol suggested, a very careful study as to what will be the next stage in our progress. But there is not the least reason for a pessimistic view as to the likelihood of that stage being successfully accomplished.

It is quite clear that in talking about conciliation machinery you must pre-suppose the wish to conciliate. If your view is that the whole basis of our industrial system is completely wrong and is not workable, then it is quite clearly wrong to try and make any attempt to work it. We must therefore pre-suppose both from the side of the employer and the worker a real belief that the system as we know it can at any rate be used as the basis of a steady and gradual advance. That clearly is the first supposition upon which we have to work. Then I think it is very necessary to emphasize what the Master of Balliol said, that we must work on as wide a basis as possible. One of the reasons, I think, that the J.I.C.s have not been as successful as they might have been in some trades is because the natural and proper growth was from the bottom. If the machinery of the Works Council or Works Committee had come before that of the J.I.C., I think that in many instances it would have been more successful. I am quite sure that in order to make democracy work at all, you must build it on a very wide basis. The whole virtue, in my opinion, of the Works Committee and the general development of associating the worker with the management is the development of a sense of responsibility among the workers themselves by operating the Committee, by sitting upon a small local body.

I think the third point is very important. You must start from the basis of making use of the Trade Union system and Trade Union movement. You must avoid above all things the danger of it being thought that any attempt to better conditions and to raise conditions is an attempt to outflank Trade Unionism. I am quite sure that a good deal of the difficulties which arise when any genuine attempts are made from the side of the

management to make alterations which are for the benefit of the worker, when attempts are made by the Government to interfere, is due to a genuine suspicion that the very fact of raising the conditions of labour may tend to create in the minds of the working-classes a feeling that Trade Unionism is not necessary. That was expressed by Miss Wilkinson. It is of vital importance in my opinion that whatever the next stage is, we must recognize the very serious problem that is presented by the fact that such a very large proportion of our labour to-day is non-Union; yet in spite of that I think we must work on the basis of the Trade Union movement. If we can start from those bases, we have at least done away with some misconceptions.

In all industrial relations it seems to me that there are two quite different ways in which you can work for advance. You can either attempt to interfere on a wide scale with the conditions of labour and under which labour is carried on, or you can direct your attention to the duties of the State and Government as representing the people as a whole to the associations of employers and of workmen. You can operate by such statutory legislation and the like. You can put all your effort into an increase in betterment of the conditions of the working-classes, and there is no doubt that that part of the subject is the one which commands the greatest unanimity of opinion of all ordinary people. It is not a thing on which people are very much divided. I am quite clear that any ordinary decent person wishes to do everything to promote better conditions of labour, but I think myself that labour unrest is not being caused at the present time by bad labour conditions as much as people think. I think that we are in great danger of regarding the difficulties we have as caused wholly by physical reasons. To my mind they are also largely moral and emotional reasons. As a matter of fact, the condition of the working-classes and the standards of living of the people in this country have never been as good as to-day. ("Question.") It is not true, I think, that a feeling of unrest is necessarily caused

by bad conditions. I think it is much more likely to be caused by good education or by good conditions; that is to say, that the real basis of the whole trouble is a lack of any real co-ordination between the present political status of the worker and his present economic status. In one field he is supreme. He is the complete master of the situation. Sometimes he can prove himself the tyrant of the situation. In the other he has apparently no corresponding position, and the only power he c n exert is exercised by a weapon, the strike, which more often than not recoils upon his own head.

Surely the problem then resolves itself into the creating of an economic system under which the same kind of authority and association with government and with control as is given in the political sphere can gradually be given in the economic sphere. In my opinion the same long course of development will have to be gone through. I do not think it is a thing that can be done in a year or in a few years, but the beginning can be made, and is partly made by the actual development of modern business itself. I do not think anyone would disagree with the dictum that there is no difficulty at all in being an employer of labour on a fairly small scale. I speak as an employer of labour on a small scale, and I think most people would agree that any ordinary person with a certain amount of tact and knowledge of human nature finds the problem of employing three or four hundred, or even up to six or seven hundred men a fairly simple one. The real difficulty is in employing fifty or sixty thousand. That is to say, once you are deprived of any power of human contact with the people who are working under your management, you have a really very difficult problem to deal with. We are coming more and more to a condition, as Lord Milner prophesied many years ago, when it will not be a case of capital hiring management and labour, but of management and labour hiring capital at the lowest possible price and dividing up the benefits between them.

At the same time we ought not to confuse by false analogy or by a danger of false analogy another aspect

of the situation. Professor Murray referred, and quite properly, to the League of Nations and the determination of the nations of the world after the war to set up a machinery which should make war impossible or unlikely. But we have to remember that the analogy between warring nations, or nations which might be at war with each other, and between the forces of capital and labour is not quite a true analogy. Some of the greatest difficulties in this country at any rate to-day arise, not from a horizontal division between the interests of capital and labour, but from a vertical division of the interests of one industry as against the interests of another industry.

Many of the most difficult questions we have to face are questions where it has not been a case of a lack of agreement or disagreement between capital and labour employed, but the case of a municipal industry or a sheltered industry using its power against the interests of other groups of capital and labour combined. That vertical division of interest, I think, is in some ways a good thing, because it at any rate replaces the assumption that the division of interests must always be horizontal. But it is also necessary to remember that it introduces an entirely new difficulty into the question of any conciliation machinery, because if your system as it finally emerges is to work, there must be some co-ordinating authority which will have the power to prevent one industry from putting forward a claim to a standard of living, or any other claims, without considering the interests of those industries that depend upon it. I think there are several difficulties of the same kind. We ought to bear in mind in that connection, for instance, that you cannot treat a raw material industry in the same way as you can treat a manufacturing industry. In a manufacturing industry there is no difficulty to my mind in having a national system of wage agreements, because there is no economic difference in the value between one locality and another. That is not true of a raw material industry. There are all kinds of divergencies of method which will have to be applied to the different industries that we are considering.

What I do think, and I only wish to emphasize this last point, is that we have experimented with our conciliation machinery; we have experimented with the machinery in the works, and industry by industry. The point that we have really now to decide is whether the time is not coming for the next stage in development to be taken, for arbitration machinery to be set up in monopoly industries, where the claims to set up complete arbitration machinery are much greater than in competitive industries, even to going to the point of setting up the J.I.C. with something like the powers of the Trade Board. Whatever the next step is, will be, of course, a subject of discussion and debate, but I think myself the experiments have reached a point at which the next natural stage of development should be taken, and some actual powers be granted to the authorities, when they prove themselves able to use them wisely and for the benefit both of their own industry and of industry treated as a whole.

## Is Compulsory Conciliation Possible In Great Britain ?

### *MISS ANNE ASHLEY'S SPEECH*

Miss Anne Ashley, M.A., said :

It is at present often suggested that compulsory conciliation might be a remedy for trade disputes, and Britain is urged to follow the example of most of the Dominions and some important foreign countries in this respect. There are, however, two main obstacles to its introduction in this country, and, while the one is, on the whole, discreditable to our civilization, the other is bound up with a particularly healthy aspect of our national life. The less creditable obstacle is the inferiority complex from which our workers certainly suffer

and from which too, their partizans often suffer on their behalf, which convinces them that compulsion would be exercised in the interests of capitalism, roughly identified by them with the governing class. While in some old countries the worker is only saved from this complex by the fact that he acquiesces in inferiority and does not try to escape from it, in new countries he has largely escaped from it and is fully convinced that he represents the normal citizen by whom and for whom the laws are made. There is no doubt that a large proportion of working people in this island do not enjoy such a conviction ; many of them feel that they are carrying out the work of a civilization whose enjoyment goes to others. It is probable that the more the working rank and file of the nation gain the sense of power and importance the more willing they will be to welcome the exercise of compulsion to prevent any sectional interest from holding up the industrial activity of the country, unless they are held back by another consideration.

This other consideration which makes the people of this country very loath to introduce compulsion is not merely respect for the voluntary principle, but rather respect for the reality and rights of corporate bodies within the nation and the belief that their vigour is a desirable aspect of the national vigour. Just as the method of our National Health Insurance was carefully planned to strengthen rather than weaken the Friendly Societies, so our conciliation machinery, even when set up by the State, is not a rival to the Trade Unions and Employers' Associations but assumes and builds up their strength and freedom of action. An agreement which the parties reach of their own free will is, we feel, a stronger and more living thing than anything forced upon them.

The Canadian Industrial Disputes Investigation Act of 1907 was reported upon by Lord Askwith for the British Government in 1912, and he commended it as forwarding the spirit and intent of conciliation, though he did not consider what he called its restrictive features suitable or practicable in this country. While, however,

a Canadian Conciliation Board is set up by the Minister, who is even authorized to nominate the representatives of the two sides, if they fail to do so, an English or Scottish Conciliation Board is a permanent, voluntary body set up by the respective Associations of workers and employers in the industry concerned. It is true that under the Industrial Courts Act of 1919 the Minister can take the initiative, but it is specially laid down that "if there are existing in any trade or industry any arrangements for settlement by conciliation or arbitration, the Minister shall not—unless and until there has been a failure to obtain a settlement by means of these arrangements—refer the matter for settlement or advice in accordance with the foregoing provisions of this section" and, even then, he can only act with the consent of both parties to the dispute. He can, without their consent, appoint a Court of Inquiry if, in his opinion, the interests of the public are involved, but this has no power except to examine the position. Only fourteen out of the 3,181 cases dealt with under the Industrial Courts Act since 1919 have been referred to Courts of Inquiry.

Even under the Canadian Act the parties to a dispute cannot be compelled to accept a settlement; they are only prevented under penalties from causing a stoppage until a Board has been set up and has had an opportunity of reporting.

The great difficulty under which every system of conciliation, whether voluntary or compulsory, labours is that of finding any generally accepted criterion on which to base a settlement. Arbitration in the coal mining industry in Great Britain in the seventies was based on the assumption that the wage-paying power of the industry was shown by the prices received for coal and that wages should therefore follow prices, that is that they could be settled according to a rule of thumb measurement of the trade's capacity to pay. It was thus possible in 1875 to decide upon a sliding scale. About ten years later, when both parties were ceasing to put their faith in any such easy road to justice, the entirely different criterion of a living and minimum wage began to take its

place, at least with the workers, and when, in 1893, after sixteen weeks' of coal strike in the Midlands, a Conciliation Board was set up and limits fixed beyond which wages were not to vary, the men regarding this as the acceptance of the minimum wage principle.

This principle has since grown so in authority that wages have often been arranged to vary with the cost of living, a new kind of sliding scale little dreamt of in the seventies!

It is evident, however, that the whole question of what ought at any moment to decide wages is at present in the melting pot, and that both principles, the trade's capacity to pay, and the necessity of the worker, are in a semi-molten condition. Neither can be readily calculated and neither, even if it could be exactly reckoned, would be accepted by everyone. It is this, and not only impatience or selfishness, or even ignorance of the ascertainable facts, that causes wage disputes. When, whether from avoidable or unavoidable causes, an industry's apparent capacity to pay is less than sufficient to ensure what the worker feels to be necessary to a decent existence, the tension is, of course, very great. No solution is then satisfactory other than the increased efficiency of the trade, or, when this is impossible and the preservation of the trade imperative, some arrangement by which part of its charges are borne by other sections of the community. Quite apart from fiscal systems, some trades are virtually protected, their chief market is in a quarter where there is little foreign competition, while others are exposed to all the pressure of competition with products of countries with very different conditions. The International Labour Office, and the growth of an international standard of working conditions, may lessen the severity of this competition, but our less protected trades, particularly, of course, our export trades, are likely to be harassed by the necessity of keeping down their prices for some time to come. This situation does not arise with anything like the same urgency in a vast new country with its great natural resources, which is probably one reason why it is there

more possible to treat any breach of the industrial peace as unreasonable and avoidable by a little judicious firmness. We in this country may well feel, however, that we are on the way to a voluntary system of collective bargaining in which really lies more possibility of effectiveness than in compulsion. At present its task is made almost impossibly difficult by the difficulty of our position in some of our important trades, and also probably by our low productive capacity, caused largely by lack of confidence in the desirability of increased production and fear of a glut. While these problems are unsolved, compulsory delay and inquiry would not in many cases do more than postpone a stoppage, and, even a compulsory settlement, were such a thing possible, would only gloss over the real trouble and do nothing to solve it. Indeed it would be likely to check output, for unwilling activity is never very effective.

A settlement based on the exhaustion of one party is, of course, no more truly voluntary than if it were forced by the State, and no more likely to lead to confident activity and rapid production. Being absolutely one-sided it is the worst possible conclusion of a difference. But the present task of State craft in the economic field is not so much to settle differences, or even to prevent them from reaching an open breach, as to create a condition of things in which such differences as arise shall not be made by circumstances well nigh unreconcilable. This may involve drastic reorganization. The community, though it would be ill advised to try to force anyone to pursue any economic activity against his will, whether for a longer or a shorter period, is fully entitled to lay down any conditions which must be conformed to by those who desire to pursue it. But such reorganization within an industry, however necessary and thorough, may not be sufficient to save it from problems too great to be solved by reasonableness between the parties. When this is so, and the trade is nationally desirable, the whole nation may be said to be a party to its difficulties, but if that means a voice it also may well mean a share in the expense of their solution.

## *DISCUSSION*

MR. J. POLLIT (Co-operative Union) :

During this morning and this afternoon we have had put before the Conference a great many schemes for conciliation, but I want to put before the Conference another scheme which has been promulgated during the last twelve months, and which in the opinion of those who are responsible for the scheme contains an element towards arriving at satisfactory conclusions which none of the schemes we have had put before us contain.

Those in the Conference that have any experience of Conciliation Boards or Arbitration Boards must have realized that one of the most important things you do find out is that neither side will see the other side's point of view. I am not going to insult their intelligence by saying that they cannot. I believe they can, but my experience is that they won't. It is seeing the other side's point of view, if they would, that would make all the difference in arriving at a satisfactory conclusion. During the past twelve months the Co-operative Movement and seventeen Trade Unions that have members in Co-operative service have met together and devised this scheme, and briefly it is this.

Each of the Trade Unions have appointed four members to form a panel from which the Conciliation Board is drafted. The whole of the country, so far as the Co-operative movement is concerned, has been divided into sections, and each of these sections also appoint four representatives. But here comes what I term the unique nature of this Board. If, for example, there was a dispute in the London area between a Trade Union and a section of the Co-operative Movement, the Trade Union concerned would appoint its four to form this panel. The Co-operative section would also appoint four, but the Trade Union must and the Co-operative section must appoint two other people from the panel of nominated persons who are not concerned in the dispute. That

means a board of twelve, presided over by an independent Chairman.

What it means in working is this, that one-third of the board plus the independent Chairman are persons who are not concerned in the dispute and are therefore persons that can see the strong and the weak side of the two contending parties. By that means we are hoping, in fact we are almost sure we shall get far more satisfactory decisions from conciliation than we should get if the two parties alone formed the Conciliation Board.

Further, in order that there may be no question of the Chairman leaning more to one side or the other, we have a panel of independent Chairmen, and we take the rota so far as the Chairman of the Board is concerned from that independent panel.

The method of procedure is, after the contending parties have given their evidence to the Board, and the Board have considered it, they can reach a decision either by a unanimous vote, or if that fails, by a majority vote on either side ; or, if that fails, the two parties are asked if they will allow the Chairman to act as arbitrator.

The scheme means compulsory conciliation, because before any dislocation of labour can take place the scheme must be referred to this Conciliation Board. It means compulsory conciliation, but does not mean that which was so strongly condemned this morning, compulsory arbitration.

Mr. T. Upton (Furniture Warehousemen and Removers Association, Ltd.) :

I listened with very great interest indeed to the Master of Balliol's speech, but I feel that I must say a word with regard to what he says about the common code for various industries. As a citizen I have come to the conclusion that the root of all the trouble in our industrial world to-day is that the worker does not get a fair deal. He does not get a fair portion of the product of his toil. The Master of Balliol suggested that individual schemes to meet the difficulty were rather antagonistic to the common code. . . . Why is it that the Trade

Unions do not realize that the man at the very bottom wants a greater say in industry. He wants a greater proportion of the profit which now goes to swell the pockets of those who provide the capital. Capital and labour must come closer and closer together, and I trust that this Conference will bear in mind that the ideal in some of the minds of the citizens of this country is that co-partnership in industry is the key to the whole solution.

How can you expect a man to put his heart and soul into his business when he knows that the more he works the more he gives away to other people? In a scheme of co-partnership in which I am interested, we have nearly nine thousand men who are working hand in hand with their employers. We have had no strike in our business for thirty-nine years, and we all feel—I am not an official of the Company, I am just a plain workman of the Company—we all feel that our employers are out to give us fair play.

MR. HAWTHORN:

I feel that I must make a few remarks because although I am an employed person, I am eating the employers' bread and it is up to me to say something on their behalf because the majority of remarks we have heard during the past three days have been from the employed person's point of view.

Following on what the last speaker has referred to, the common code, it seems to me that there is another aspect from which they can be looked at. Is that going to be the common code in Britain only? We seem to be rather in a doubt about this. Can the conciliations and the arbitrations leave the other nations of Europe to put their rates of wages, their hours of labour, their conditions on an equivalent footing to Britain? It is all very well, but if an employer in Britain has to pay say, £4 a week for 48 or 44 hours a week, and an employer in France, Germany, or Belgium has to pay say £3 for a 54 hour week, how in the name of goodness can one employer compete with the other?

What I want to ask is this. When the representatives of this country go to Geneva, will they be able to induce or persuade the other employers in Europe, or the other workers in Europe, or the other members of Unions in Europe to raise the rates of wages to the same level as prevail in this country ? It seems to me that we have got to consider that point.

I say if there is going to be a common code, the employers and the employed in the other countries also must get together and must raise their rates of wages, their length of hours and their conditions of labour to what is provided in this country.

I do ask that our representatives at Geneva will insist that the other countries make some sacrifices, as they always expect England to make the most.

Lady Hall (Hon. Secretary, British Section, International Association for Social Progress) :

I want to suggest that the last speaker might secure rather more accurate information on the subject of hours in other countries, also the subject of wages in other countries, by paying a visit to the bookstall at the end of the room, or by making enquiries at Headquarters of the League of Nations Union.* Perhaps he is not aware of the hours and wages in the other countries, particularly in Europe. I might perhaps remind him that if he will investigate the question of hours in Belgium, he will find that Belgium has ratified the convention for a 48-hour week, and I think on the question of wages if he will turn his attention to America he will find that America has found that high wages pay. As this has a very definite international bearing, it is very important that we should be accurate in our facts.

Mr. M. B. Cotsworth, F.C.A. : As an observer of the work of the International Labour Office in Geneva during the last three years, I can assure the last speaker that the Labour authorities in Geneva are looking to that point very keenly and doing all they can, and they will do far

* 15, Grosvenor Crescent, London, S.W.1.

more good than the mere questions of a representative from Great Britain.

In America they have made enormous strides with regard to co-partnership, especially with regard to the United States Steel Trust and others. That has a great future and I am sure is going to be very helpful for England if it is adopted in the same kind of way.

Finally, I would like to commend the remarks made by our friend from the Co-operative Society. I was connected with the British railways for many years. They had an arbitration Chairman who could be called upon if necessary. This resulted in overcoming the difficulties of both sides very often. He is there, like the sword of Damocles hanging over their heads. They knew if they did not get together what would happen. To get those impartial chairmen on the panels would be very good.

## SEVENTH SESSION

### INDUSTRIAL RELATIONS

The Seventh Session of the Conference opened on Friday, February 4th, at 10.30 a.m., the subject being Industrial Relations. The Rt. Hon. the Viscount Burnham, G.C.M.G., C.H., was in the Chair.

### *CHAIRMAN'S ADDRESS*

THE CHAIRMAN said :

It is a peculiar pleasure for me in the first place to welcome here to-day that great Frenchman and great European, M. Albert Thomas. Nobody knows better than I do that if the International Labour Organization has achieved so large a measure of success, and has before it the promise of so much more, it is almost entirely due to the force of character, the fecundity of inspiration, and the faculty for friendship of Albert Thomas. Therefore, I tell him we are right glad to see him here to-day.

Personally I am very glad to preside over the concluding session of this interesting conference. Looking back on the memories of a public life which commenced more than forty years ago, when I was returned as the youngest member of the House of Commons, there is none which I cherish more than the fact that I have been three times elected President of the International Labour Organization of the League of Nations, and especially of the Organic Conference—the first to be held in Geneva—in the year 1921. The fact, however, that I have seen so much of industrial questions from the International standpoint makes me the less inclined to dogmatize or to generalize. It seems to me as if the days of dogma and generalities have largely passed. Our ideals and aspirations remain always the same but the methods of their

fulfilment no doubt will be infinitely various. As the Latin proverb has it, *dolus latet in generalibus*, and that is more true of us every year that we survive in industrial affairs. In fact, I feel like the sea Captain in the old story who, when he was entering one of the ports of the Atlantic, said : " I know every rock in this channel," and, as his ship struck, he said " that is one of them." That no doubt comes of experience. If it is true as between all countries that there are great varieties and contrasts of character and history, it is true even of those which have as much in common as our own Dominions. What is true of Canada is not necessarily true of Australia, and even in Canada you will find differences which make surprising discrepancies between the Provinces of the Dominion itself. When in 1920, with my colleagues of the Newspaper Press, I was making a great tour of Canada we arrived at one of the great pulp and paper works of the country. We had with us two representatives of the Trade Unions who were among our most popular colleagues, both of whom had been members of Parliament and one of whom is still a member. Before we went over the great mills I said to them : "Gentlemen, this will be a very interesting experience for you. There are six thousand men employed here, including those in the forest. There are no Trade Unions, and all the labour disputes are settled by the priest." That is absolutely true of French Canada to-day, and for all I know, it may be the method best adapted to the mind and to the customs of French Canada. I say this because the International Labour Organization is nothing if it is not elastic and comprehensive, and, no doubt, that quality has enabled it to pursue its way thus far with so much hope for the future, as well as with a good record for the years that are already past.

The second thing that has impressed itself upon me more and more, not only at Geneva but in my long experience of Labour questions at home, is that not only is prevention better than cure, but there is no such thing as cure for Labour troubles after they have broken out. At best settlement or re-settlement is palliative and not

curative. In fact, we seem to be pursuing the same course as the science of medicine which in itself, as we all know, is trusting more in these days to prevention than to cure, and wants to provide a prophylactic more than a drug or potion. Unless you have some spirit of harmony and co-operation, as has been so often said this week from this platform, in our labour relations then the most elaborate machinery for the settlement of labour disputes will be of small avail. In fact, the machinery itself may sometimes act as an irritant or, at best, be merely a soothing syrup for the mere passing phase of the dispute. This is no new discovery. The wisdom of the ancient Greeks taught us that prevention indeed is profitable but strife engenders strife. We are learning, however, that this is so much more as every industrial crisis passes and leaves its legacy behind. For some years I was President of the Industrial League and Council, a chair in which I succeeded the Speaker of the House of Commons, Mr. Whitley, and I remain a firm and convinced believer in Joint Industrial Councils. I mean by that also the Works Committees which are their necessary accompaniment. You have been hearing of them from this platform, and I will not pursue that subject further. I would only say, that Joint Industrial Councils, if they are to function properly, must be something fuller and more sympathetic than mere wages boards. It is the habit of mind and the habit of action which spring from Joint Industrial Councils, if they are on sufficiently broad a scale, that make them to my mind, the best expedient that we have yet devised for the future of our industrial relations. They were meant to cover, as you well know, all the subjects of social welfare, of technical improvements, and of mutual insurance, including personal safety and medical treatment to some degree. If you have employers, managers, and employed meeting regularly in friendly fashion to discuss other subjects than rates of wages undoubtedly you get, as you want to, the spirit of the Round Table; whereas if employers and employed merely meet together to wrangle over rates in a cycle of trade which is setting either one

way or the other you get that spirit of Parliamentary baiting and opposition from which no acceptable compromise, even if it be right in the first instance, is likely to breed feelings of good will and concord for the future. I think also while we attach importance to the moral side of this industrial machinery we should look to the material possibilities not only of profit-sharing as it has been developed here in such great establishments as the Gas, Light, and Coke Company, and others, but as it is being developed in America on a great scale and in a great number of ways. I only give you one case in point. The Rapid Transport Company of Philadelphia was until recently, I believe, financially unsuccessful. The management was undertaken by a man of vision and sympathy who immediately called the workmen of all classes into his confidence. After he had explained the position to them they adopted measures for checking dishonesty on the part of travellers who tried to get rides for nothing. They did it because he took them at once into the business as shareholders and participators. After ten per cent. was distributed on the Common stock, the rest was to be divided in equal moieties between the shareholders and the employees. Within five or six years the employees have acquired one-third of the whole of the stock of the enterprise, and they have two out of seven seats on the Board of Directors. I am not saying to what extent it is possible rapidly to develop this system here, but we have to remember the striking figures given only the other day by the chairman of one of the greatest banks who said that in what they call the big five there are 250,000 shareholders, and the average holding is £220. I only point this out as showing what the possibilities are. These are such fascinating subjects that one could dwell on them at length, but I would observe that whilst it remains, I believe, supremely true that it is not in cure but in prevention that the promise and potency of the future lie, one must have regard to the various expedients that are being tried for dealing with industrial disputes when they have come to the point of eruption. You know that they are classed variously under the

heads of inquiry, conciliation, arbitration, and determination of wages. They may be, as was well pointed out in the series of articles in that admirable Journal of the International Labour Organization, which is under M. Thomas's care, either official, non-official, or quasi-official; that is to say, managed as you know by Departments of State, with the authority of Departments of State, or entirely apart from Departments of State. They present a multiplicity of modes which I think to be wise, because you cannot have too free board a system in choosing the path of peace, or, at any rate, of making peace. Sometimes there is no peace, whichever way you may pursue.

I said that machinery might be in some cases an irritant as well as a solvent. I meant by that that if you trusted too much to machinery, machinery will always fail you. The very fact that there may be those recipes and remedies may lead you to believe that harmony can be restored merely by judgment after the event. I am not of the number who subscribe to that creed. Perhaps my own experience may interest you more than the repetition of platitudes in which we all indulge, but which do not carry us much further.

It may be known to some of you that since the year 1919 I have been Chairman of the Joint Committees on salaries in different classes of schools, and the school teachers embraced by these Committees number no fewer than 160,000. Those Committees were formed, on the analogy of the Whitley Councils, of equal panels representing the Local Education Authorities on the one hand, in one case the National Union of Teachers and in others the different bodies of school teachers on the other. They produced reports which commanded general acceptance up to a point, and, undoubtedly,—and I speak, never having, I think, missed one day of their sessions—there was a general agreement arrived at which was good not only from the social point of view but also in the highest degree from the educational point of view. It was for the benefit of the pupils in the schools just as much as it was for the benefit of the teachers. I cannot

develop that subject. Then there became a disagreement between the two sides of the Committees which necessitated the appointment of an arbitrator. I was asked by both sides to act as sole arbitrater. I held an Arbitration Court much after the common model, except that we were not bound down by legal formulas. I gave my award, which was generally accepted, and which I am glad to think has every probability of lasting not only for the full term of six years that I laid down as one of the conditions, but, I hope, by renewal from year to year for much longer. It is curious, however, to notice that all this was a professional and not an industrial arbitration, and that it depended at the last step on the approbation and agreement of the Board of Education speaking for the Government, because it is out of the national exchequer that half to five-eighths of the salaries of our teachers are paid. I obtained an assurance from the Chancellor of the Exchequer in the first instance, before I agreed to act, that the Exchequer would, so far as possible, honour my award. In the end it was accepted, and by voluntary agreement on both sides it has come into peaceful operation. It is a good example of voluntary compulsion which is one of the varieties you will find enumerated in all the text books, as being a method of settling the industrial disputes; that is to say, both the teachers and the local authorities agreed to my appointment, and then were necessarily bound by the conditions to accept my award. I have every reason to be grateful for the loyal manner in which I was met. Only one more example, and this is my final word. I have acted as the head of the printing trades in this City as far as the newspapers are concerned in all our relations with our workmen. We are governed by agreements. It is curious to note that whilst we make no complaint of the manner in which the principal unions have carried out those agreements, the failures have been in the case of the smaller bodies of unskilled men who have had resort to lightning strikes, which have been a cause of great difficulty not only to us but to their fellow workmen. It is, therefore, in the difficulty of avoiding

such outbreaks, and securing loyal observance of agreements freely entered into that the best hope I think lies where you have a variety of industrial bodies more or less strong, composed of different classes, skilled and unskilled, among the workmen, with a certain amount of common organization but not sufficient to avoid temporary difficulties. It has also been rendered more difficult as in so many trade disputes, because in certain cases there are connections between the general Union of Unskilled Workers like the General Workers and outside trades, such as the paper-making trade, with which I am also connected, but which have no necessary or integral connection with the printing trade itself. Ours, however, is curious in another way. The newspaper trade in London is a sheltered trade if ever there was one. It is not only sheltered because it is non-competitive by force of distance and circumstances; it is also sheltered because the newspaper trade attracts to-day great blocks of capital from other trades for purposes which are not strictly industrial but depend on the desire for political and no doubt moral influence in the community. Still, the printing trade is a good case in point where agreements have been entered into and voluntarily kept. Where no outside interference is involved that is the best state of all, when inside the trades the different bodies of employers and employees agree and are capable of fulfilling their obligations.

I am very glad to be here, and I hope that this subject will produce an interesting discussion after the speeches have been made by those who are on the platform with me. I take it the whole ideal of this conference is to carry out that immortal sentence of Ruskin—"there is no wealth but life." And I take it, too, again quoting him, that we are hopeful of doing something to bring to an end the conditions "which bind and blend all orders of Society into a confused issue of half-felt obligation, sullenly rendered obedience, and variously directed or misdirected toil which form the warp of daily life." We want it to be formed of something sounder and more lasting, and so far as we can contribute to that we are

lucky. There never has been in the world's history a more complete statement of idealism than the preamble to Part XIII of the Treaty of Peace of Versailles which lays it down that without industrial harmony there can be no social contentment, and without social contentment there can be no lasting peace.

I now have the honour of calling on my old friend and colleague, M. Albert Thomas, Director of the International Labour Organization at Geneva.

## *MONSIEUR ALBERT THOMAS' SPEECH*

Monsieur Albert Thomas (Director of the International Labour Office) who spoke in French, said :

I regret that I have not been able to follow the whole of the proceedings of this Conference, partly on account of the work of the International Labour Office, and partly for reasons of health. However, I wish to express my interest in the objects of the Conference, and the pleasure I have in being associated with its work.

I should like at the outset to distinguish two meanings of " Industrial Relations," which is the subject of this morning's Conference and of my speech. There is the American point of view of industrial relations, generally understood as the attempt by the employer to introduce welfare schemes and scientific methods of factory administration. It is not in that sense that I take the expression " Industrial Relations." I wish to take it rather in the sense usually adopted in Europe of the relations between capital and labour, employers and workers.

It is generally agreed that industrial peace has been broken and that the aspirations of 1918-1920 have not been realized. It seems to many that the dreams of those years have been completely destroyed. Various speakers in this Conference have indicated that the spirit then in evidence no longer exists. I hear the same

thing throughout a number of European countries. I hear it in Germany; I have heard it in France, where only recently M. Jouhaux denounced the breaking of the industrial peace of 1918. Mr. Poulton has spoken on similar lines. The other day a Dutch employer expressed the same idea and charged the workers with maintaining the class struggle.

But personally I do not think that the possibilities of industrial peace are so compromised as these expressions appear to indicate. Despite the recent events, I believe it is true to say that never has the desire for industrial peace been so real as at the present time. In all countries there are indications of this. The last session of the Governing Body of the International Labour Office shows that employers, workers, all are seeking for the establishment of industrial peace. This is the vital problem of to-day. The whole world is engaged in the attempt to get a solution. To avoid the inclination to despair, one must endeavour to concentrate on the reality of this intense desire for the establishment of industrial peace.

Industrial peace is possible and agreements will be lasting only if based on generally accepted principles of social justice. At the end of the war, governments, employers and workers joined together in proclaiming in the introduction to Part XIII and in Article 427 of the Treaty of Peace, the principles of social justice. I would emphasize with all my force that these principles are still valid. At the last meeting of the Governing Body, employers and workers again declared themselves in full agreement with these principles. I was speaking there about the eight-hour day. I declared that no one contests the principle of the eight-hour day, and as I made that declaration, although it is not the custom for such demonstrations to be made, several employers in the Governing Body cried out immediately, "Hear, Hear!" I believe that the general principles enunciated in the Preamble to Part XIII and in the Charter of Labour of the Treaty of Peace constitute the foundation of a lasting industrial peace and improvement in industrial relations.

In the practical affairs of industrial relations, problems of detail often demand attention, but in dealing with details it is essential throughout to keep the objective of industrial peace in view and to endeavour to apply the principles of social justice on which alone peace can be founded.

May I illustrate my argument by quoting a passage from Webb's "Industrial Democracy," describing the rôle of a conciliator. I make the quotation to indicate the danger that by being immersed in details we may lose sight of the real objective. The passage is as follows :

> "Throughout the discussion he watches for the particular points to which each party really attaches importance. He has a quick eye for acceptable lines of compromise at the right psychological moment. When discussion is beginning to be tedious to both sides, he is ready with a form of words. This is the crisis of the proceedings. If the parties are physically and mentally tired, and yet pleased with themselves and no longer angry with their opponents ; if the conciliator is adroit in his drafting, and finds a formula which, whilst making mutual concessions on minor points, includes, or seems to each party to include, a great deal of what each has been contending for, the resolution will be agreed to, if not by acclamation, at any rate after a few amendments to save the dignity of one side or the other ; and almost before some of the slower minded representatives have had time to think out all the bearings of the compromise the agreement is signed, and peace is secured.

I would suggest that it is not thus that real industrial peace is to be found, but rather by the application of the principles of social justice. That is therefore my first consideration : the necessity for general principles.

The second is that in the application of these principles account must be taken both nationally and internationally of economic facts. The workers have often been criticized for not paying sufficient attention to production. But in the past the workers have not had

the education necessary to enable them to understand adequately the facts of industry. Also they have not had in the past a reasonable opportunity of examining the facts of industry. Sometimes even the facts have been misrepresented to them. What we want now, and what I believe from my experience the workers in the different countries are now beginning to ask for is that the facts of industry shall be made available in order that they may know exactly the conditions of each industry. They are thus more ready than is often recognized to pay regard to the capacity of industry. They wish also, on the basis of knowledge of the facts, to be associated with the management of industry and to contribute to its success. Thus the second condition is likely soon to be fulfilled.

Already the desire for the facts of industry is being satisfied to some extent, by Whitley Councils in Great Britain, by the Works Councils in Germany, and by the National Economic Council in France. With regard to the National Economic Council I should say that in France Trade Unionism is much less developed than in this country. The Trade Unions there have, however, an important influence, politically, and that has been recognized in the constitution in 1924 of the National Economic Council, on which employers, workers, and economists and other experts are represented. Already the Council has contributed to the solution of the problem of unemployment and of other important industrial questions.

As regards means of increasing production, attention is frequently directed to industrial developments in the United States. The Americans are constantly held up as an example to be followed. To obtain the facts the British Government recently sent a mission to the United States. Similarly, in order that the International Labour Office might be fully informed, Mr. H. B. Butler, Deputy-Director of the International Labour Office, recently visited America. A report giving the results of his investigations will shortly be published by the Office.

But I would emphasize that it would be an error to adopt all the methods even of so powerful a country as the

United States. The methods of securing industrial peace must vary to some extent from one country to another. In European countries one point is essential : Industrial peace must be based on recognition of the Trade Unions, and on agreement between them and the Employers' organizations.

The mutual recognition of employers' and workers' organizations constitutes, as Mr. Barnes says, the very foundation of the International Labour Organization. In the establishment of industrial peace, the International Labour Organization has an important rôle. On account of its permanent character, it is in a position to obtain statistics and other information necessary for securing satisfactory agreements, and in obtaining those facts its influence will be of continually growing importance. It represents the Charter of Labour, and by developing the general principles of social justice, can contribute largely to the improvement of industrial relations in all the countries of the world.

As regards the collection of information we have the difficulty that at the present time the statistical methods of the different countries have grown up on national lines, and therefore there is considerable difficulty owing to incomparability between the data available. We wished to make a report regarding the coal mining industry several months ago. It was our hope that we might have had the facts ready regarding international aspects of the question in order to have contributed something to the solution of the disastrous conflict in this country. Unfortunately owing to lack of comparability of the statistics in the different countries, we were not able to have our report ready and it is not even yet completed. In the future by the improvement of statistical methods which the Office as a permanent body can effect, it will be possible more rapidly to contribute towards the solution of national difficulties and the establishment of industrial peace.

The International Labour Office can also make known throughout the world successful experiments made in any country for the improvement of labour conditions

and industrial relations. For this reason the International Labour Office has been glad to have an opportunity of being associated with this Conference, where the machinery and methods of industrial peace in Great Britain have been discussed. I would say, in conclusion, and I say it not in any spirit of flattery but because I really believe it and because in my own experience in working for the improvement of the Trade Union movement in France before the war I was continually turning to Great Britain for inspiration and guidance, that other countries have a real vital interest in British Labour experiments, and that the establishment of industrial peace in Great Britain could not fail to have favourable reactions abroad. (Applause.)

## THE IMPROVEMENT OF INDUSTRIAL RELATIONS

### *MR. C. G. RENOLD'S SPEECH*

Mr. C. G. Renold (Messrs. Hans, Renold, Ltd.) said :

There are two classes of problem concerned in this question which are, in the main, distinct and which require separate consideration. There are, in the first place, all those questions which arise out of the fundamental conceptions on which capitalist industry is based. They are involved in the two primary questions :

(1) How should the proceeds of industry be divided between the parties :—Capital, Management, Labour and, perhaps, the Consumer ?

and (2) Where should the control of industry be vested ? Should it be shared among the parties ? Should one have the final say, and if so, which ? etc.

It may well be that satisfactory industrial relations cannot be attained until answers satisfactory to each of the parties have been given to these questions, and until the whole structure and functioning of industry has been

re-modelled in the light of such answers. But there is another class of question which would still remain to be dealt with, even if the structure of industry had been remodelled so as to command the allegiance of all parties.

These are the problems connected with the daily life of the factory and the regulation and adjustment from hour to hour, and day to day, of the human relationships involved. Whatever the structure of industry, its work will depend on the co-ordination of a great number of human factors and material elements and conditions. Mal-adjustments of these relations will lead to friction and bad feeling.

I propose to confine what I have to say strictly to this second class of problem—the improvement of relations between Management and Workers within the factory. I am not blind to the need for tackling the more fundamental problems but these questions of internal factory relations are not *alternative* to the first. They have to be dealt with anyhow; they are capable of immediate attack and the more successfully they can be dealt with the clearer will become the nature of those more fundamental problems to which I have referred.

Good relations can be established between Management and men. They are not, in fact, incompatible with the most radical divergence of view between them as to the rightness or wrongness of the "system". Experience shows in numberless cases that goodwill and co-operation can be established as a kind of "modus vivendi" pending the arrival of the millennium.

Such relations have now been established in so many businesses in this country that there is no excuse for anything else. The conditions under which they can be established and the general type or organization which fosters them and through which they are best expressed are now very generally known. Certainly the knowledge is available to any management that will take the trouble to seek it. The question has now passed out of the experimental stage. We know that the thing can be done. What we should now be considering is why is it not done much more generally, and can anything be done and, if

so, what, to force the universal application and observance of those principles and practices which have been developed and proved by what we may call for short "good employers".

Let us first consider briefly the conditions and principles which form the basis of good workshop relations. They are somewhat as follows:—

(1) The general relationship between Management and Workers must be governed by rules, not by arbitrary whims of managers and foremen. These rules must be reasonable in themselves, and applied with impartiality, courtesy and due consideration of special circumstances.

(2) The Workers must have some influence on the form and nature of the rules and there must be some means of appeal, beyond the immediate foreman, in their application, and some convenient means for discussion of questions with the management.

(3) The physical conditions of employment must be reasonably good—e.g., warmth, ventilation, cleanliness and general comfort; lavatory and cloakroom accommodation; canteen; safety appliances, first aid, etc.

(4) There must be a systematic attempt to get workers into the jobs for which they are most fitted by capacity, experience, or temperament. Promotion must be by merit.

I would like to add a fifth condition which I, personally, believe to be of great importance, but which has hardly emerged from the experimental stage, viz.:

(5) There should be supplied to the workers by the Management much more information than is usual about the affairs of the firm or company—general statistics and reports of its commercial, technical, productive and even financial problems and results.

As I have already pointed out, these conditions underlying the establishment of good relations within the factory are now proved and well known. Further than

that, there is very general agreement as to the kind of organization which most conveniently embodies and maintains them. If we consider the type of organization developed by what I have called for short "good employers", we find two outstanding institutions on which depends more than on anything else the maintenance of good relations between Management and workers. These are :

(1) An Employment Department, under a responsible official, in which are focussed all the general dealings between the firm and its employees, other than those concerned with the execution of their specific jobs or duties.

(2) A Works Committee or scheme of Committees which enables the workers to keep in regular touch with the higher management, which provides for the easy ventilation of grievances, the discussion of working conditions and the dissemination of information about the progress and problems of the business.

I do not propose to enlarge on the work and organization of Employment Departments and Shop Committees as I assume that most of you are familiar with them already. I want to consider rather, in the short time available, the next steps. As I see the matter, the position is this :

We know what the conditions are that characterize good workshop relations ; we also know what are the most convenient and effective methods for promoting these conditions. The urgent question therefore is now : How can we force industry generally to put this knowledge into practice ?

I suggest that if ways can be found of encouraging or forcing industrial concerns to establish Employment Departments conforming to certain minimum standards in their scope, and to recognize and deal with Shop Committees for certain kinds of questions, we would have done something real and definite to promote in industry generally those good relations which have in fact been

established already by a minority. There is, of course, room for doubt whether the imposition of the machinery, in the absence of the spirit, can produce harmony. But *intention* and the mechanism for *expressing* it are so bound up together that surely the institution of the right machinery can hardly fail to encourage the growth of the right intention which, after all, is generally merely only feeble or latent rather than being entirely absent.

There would seem to be two approaches to this problem —a direct and an indirect one.

As a direct approach it is worth considering whether concerns above a certain size should not be required by law to have an Employment manager, responsible for certain duties. This would be analogous to the obligations laid on a company by law to have the accounts which it presents to its shareholders audited by an accountant of recognized standing.

In the same way Works Committees can be established by law and given certain rights, as has been done in Germany. I understand that the German experiment has not been an entire success, but it shows that the thing is not impossible.

I am inclined to think, myself, that an indirect approach is more likely to be successful. What I have in mind is that it might be possible to lay on industrial concerns certain duties or to give to workers certain rights which would bring about a situation to deal with which the employer found that he had to have an Employment Department and Shop Committee.

For instance, it would be quite feasible to require by law that there shall be a written employment contract between the worker and the employer, specifying, under certain required heads, the conditions of work. Amongst these would be a statement of the causes for which the worker might be discharged. Whether or not such a contract were required by law, the workers should be given legal protection, in some convenient manner, against wrongful dismissal. This alone would practically force employers to withdraw the right of discharge from foremen and to codify their working

rules, and to handle all labour relations through an Employment Department. A workman should be given similar legal protection against the cutting of piece rates. This should force a clarification of the nature of the piece work bargain and would make employers give more serious thought to their labour policy and the handling of labour relations, which again would lead naturally to the institution of an Employment Department with adequate powers.

Applying the same line of thought to the institution of Shop Committees :

The right, or possibly the duty, might be given to the Factory Inspector, to interview duly accredited representatives of the workers within a works when making investigations, as, for example, into the cause of accidents.

The obligation might be laid on the employer to furnish periodically a certain minimum of information to accredited representatives of his workpeople, as for example :

Numbers employed : given by class or department.

Numbers engaged and discharged : with causes of discharge.

Average wages : by class or department.

Particulars of accidents.

Some measure of the production or efficiency of the works.

Some information as to the state of the order book or the prospects for employment are most desirable in this connection, but I hesitate to suggest that the disclosing of this should be made compulsory.

I am also tempted to suggest that the shop rules and conditions of employment already mentioned should only be legally enforcible when they have been assented to by accredited representatives of the workers in the factory to which they are to apply. I see so many possible objections, however, that here again I hesitate to put this forward as a definite recommendation.

The adoption of any of these suggestions would make it, to all intents and purposes, necessary for an employer to promote the formation of some kind of Shop Committee, or to recognize one if it already existed among the workers.

I am painfully aware of the meagreness of the suggestions I have thrown out. The point I wish to emphasize, however, is not the value of these particular ideas but that the time has come to seek out ways and means for bringing the whole of industry up to the level of the present best, in this matter of internal factory relations. As I said earlier on, we know quite well in what these good relations consist, and we know the kind of organization which best promotes them. Let us turn our attention now to ways of enforcing the general application of this knowledge. The suggestions I have put forward are chiefly of value as indicating a line of approach and I have no doubt than an exploration along these lines will yield some ideas, which could be acted on and which would lead in the desired direction, even if those I have put forward will not pass muster.

## *MR. W. CITRINE'S SPEECH*

Mr. W. Citrine (General Secretary, T.U.C.) :

I regret that I have not had the opportunity of listening to the previous speakers. Judging from the latter remarks which fell from the preceding speaker I imagine that they already covered a good deal of the ground which possibly I myself have had in mind. I must confess that when I was asked to speak upon this subject I really questioned whether it was very useful to attempt to address an audience of this character on the general question of industrial relations. Quite candidly, there has been so much generalization about the conditions in industry, that when one comes to talk to practical men representing employers and representing workmen, it requires a considerable amount of temerity once again to try to enunciate general principles.

I suppose human nature psychologically is such that what the individual is prepared to recognize and in a measure apply to himself, when he gets with his fellows he is not prepared to give very much attention to, and thus it is we see that many people who are in personal conversation can elaborate a code which would appear to cover the whole gamut of industrial relations, when it comes to getting that code accepted by a body, we find somehow an inertia or something of the kind which prevents that being done. I do not think it can be too steadily recognized that in these matters you cannot start *de novo*. You cannot simply ask either employers or working people to leave their history behind them. At any rate you simply will not be successful if you ask them to do it. The result is too many schemes and too many plans which are in themselves desirable are attempted to be forced upon people who are not receiving them as something new, but who are receiving them in the light of a long experience perhaps of a bitter kind. It is because of that, which I feel is the only justification which gives me the right to come before an audience of this character and talk general principles. I would much prefer to have applied myself to some specific phase of this question rather than the general, but it should be very plainly understood that the education of the workers of this country has proceeded along lines which, so far as organized labour is concerned, make it very apprehensive indeed and very suspicious about any panacea which is going to establish industrial harmony.

I should think that nine out of ten Trade Union officials and active Trade Unionists, however they might subscribe to the desire for better industrial relations, would feel in their heart of hearts that you were trying to square the circle. That you are trying in short to redesign the building, the foundations of which are altogether faulty, and they would be rather impatient about trying to get, as it were, to grips with what appears to them to be the minor problems when the basic problems remain apparently untouched. Among the mass of the workers to-day, I am confident there is a feeling that

under the present system of industry it is almost impossible to maintain industrial conditions at anything like a standard which can form a basis for industrial harmony. The feeling is that the present system is resulting in declining standards of labour; that bit by bit conditions are getting worse and worse until you have the confessions in public courts of enquiry that certain industries cannot guarantee and give a decent standard of life to the people employed therein. That is a very serious fact. Because of that our people say to us, "Are you going to have the temerity to come forward now, at a time when the conditions of labour appear to be as depressed as they possibly can be, are you coming forward now to talk about stabilizing those conditions, and giving an appearance of permanence to something which is hardly ever mooted when trade is comparatively good?" In short, our people approach this question of industrial relations full of suspicion and distrust, and unless we recognize that fact we shall not get very far.

I think there are a good many people now in the Trade Union movement who are prepared to give opportunities to this system to prove as to whether it can give a higher standard of life or not. There are people who are forming the opinion that the last word in development between private ownership and national ownership has not been said, that there may lie in between the two systems the possibilities of modification inside the capitalistic structure itself which will make a higher standard of life possible. They are very far from being convinced on that point, but they are prepared, I think, to-day, to be a little more receptive of conviction than they were say, two or three years ago.

The first job is to convince labour that it is worth its while taking part in trying to achieve under capitalism a better form of administration than you have to-day. That is the first job. It is ingrained in many of them that no matter how much you try, you cannot accomplish it, and you have a very hard job to try to get rid of that. On the other hand it appears that some dubiety has been

created in the minds of the more thoughtful members of the working-class, that if you try to approach a rectification of this system by a shorter method, your shorter method may in the long run prove to be even slower than the method of gradual evolution. Because of these considerations there is, I think, a desire now to examine and investigate and see what the possibilities of change are. The first thing is to remove suspicion, to remove the idea that employers are merely trying to manipulate Trade Union officials into subscribing to keeping a system in operation which is moribund, and which eventually can have no permanence at all.

I would say, if I may, very respectfully, that one of the ways to remove suspicion is not by patronage. (Applause.) We are absolutely fed up to the teeth at being told what our shortcomings are, of being told that we know nothing about business economics, of being told that we are only mindful of our own party interests and nothing more —I do not mean " party " in the political sense, of course. Bank Chairmen must not imagine, when they have delivered a carefully prepared speech, that they have settled the whole of the questions of human relationship, even if it is published in the most prominent papers. And because of those facts, we would urge that the tendency—and I think in a good many cases it is an unconscious tendency—to make speeches full of industrial goodwill but always with a little sting in them for labour, should cease. I think speeches of that kind had better be more carefully considered before they are delivered.

The second point is, can you remove suspicion and restore confidence by compulsion ? I think the question has only to be asked to be answered. You can change conditions by compulsion, but can you establish confidence ? That apparently is the line along which some people are thinking. The human animal is a peculiar sort of a thing, but to say the least it has a certain combativeness, and if somebody is going to aim at hitting it, it will find means of retaliating. If you try to force conditions on people who are not convinced of the equity of those conditions, the natural result is that you

are going to get a reaction which will defeat your primary purpose. I am thinking in that connection more particularly of the tendency towards compulsory arbitration. I think you will find many people in the Trade Union movement who believe that within certain limits arbitration can settle a great deal. They would be prepared to have recourse to arbitration and to use it, but when you talk about compulsory arbitration you are asking for something which, apart from the possibilities of making it a practical proposition, is excessive as viewed by the average worker. You are wanting, in short, a new type of reasoning to be applied in arbitration conditions when applied to labour, to those which are normally applied as we understand arbitration in commerce generally. An arbitrator is faced with two questions: first of all, "What is the amount of the product in this particular industry that has to be divided?" and, secondly, "What is the share the respective parties are to have?" He is not able to answer that question on any settled principle at all. In short, it is not arbitration; it is arbitrary decision. That is what it is.

I only mention that in passing because I have no time to stress it. I do not want it to be assumed that I am looking at the problem of industry and industrial relations purely from the standpoint of division of product. The problem is very much wider than that, but I am alluding to it as that is the usual form of question when arbitration proceedings take place.

I think industrial relations have got to be examined from two standpoints—that of the individual firm and of the industry generally. The means of handling problems in the individual firm and establishing good feeling are quite different in my opinion from those, or certainly are not necessarily similar to those, which might be applied when you are dealing with the question of industry generally.

I am a believer so far as the individual firm is concerned in an attempt to re-establish the personal touch. I do not believe in your labour department managers. I

do not believe in the creation of a salaried official or a salaried type of official when he is going to deal with workers. Apart from the difficulty of choice, which is in itself an important thing, apart from that altogether there is lack of finality about the whole thing. Trade Union officials like to negotiate with principals. Labour is a big enough commodity to be considered in that respect, and while I hope nothing I am saying is being construed into an attack upon anything previously said, I think it essential that in labour questions whoever has the handling of these questions must be a man who is able to speak with authority and convey the conviction to the people with whom he is negotiating that he can deliver the goods, and they won't find later on that what has apparently been agreed is being altered by somebody higher up.

I believe in the personal touch although I recognize the difficulties in the way of trying to establish it in larger concerns. With a great deal of what was said by the last speaker I am in concurrence. It seems to me that we do not stress half enough the elucidation of the facts in industry. There is far too much conjecture. The questions that arise in negotiations are very hypothetical, and the data upon which the conclusions are drawn are very inadequate. To talk about what an industry for the next twelve months will be able to afford is pure speculation in some cases, and the facts are so scanty that hypothesis is rendered very much more difficult as a consequence. I do not think we pay half enough attention to the reluctance which is manifest when one tries to get down to details in this respect. There is a traditional secrecy both on the Trade Union side and the employers' side in industry. Both sides will talk glibly about publicity, but when it comes down to actually disclosing information as regards the respective sides, you will find a very great reluctance to do it.

I would also, if I might, just put this point, because our Chairman might be able to exert some influence in the matter. If the Press would deal objectively with labour questions and not sensationally, we might get much further. There is too much sensationalism, too much

working people up in a panic to expect something phenomenal happening the next day. The English language is losing its significance. Day by day you find "shocking," "amazing," "astounding," and so forth until really adjectives have no meaning at all. As applied to labour questions that is a mistake. (Chairman: "May I ask what press?") Oh, no! I know that authors very seldom read their own books. Newspaper proprietors may not read placards. They ought to anyhow. (Laughter.) I just throw that out in passing. It is literally impossible in my view to examine any of the large questions which one ought to face on an occasion like this, in either the limited time at one's disposal or the manner in which one has had time to prepare. I feel myself that at the best if you can get confidence among workpeople that they are going to get a square deal, you will have gone a long way. The second thing is to keep the element of compulsion as much in the background as possible. Keep the Law Courts out of industry as far as you can, so far as the Trade Unions are concerned at all events, and do not over elaborate your machinery.

I do not believe personally that much good is being done by individuals getting into hole and corner discussions. I think such approaches will have to be official. If there is going to be an approach to the solution of this question, it will have to be done by the organizations able to speak authoritatively for the people on both sides.

It is one of those questions which will have to be got down to stage by stage. You are attempting to do so, and I hope conferences of this description will be continued, applying themselves to a specific phase of the question, so that we can put forward something practical and not be compelled to rely on mere generalities.

### *MAJOR THE HON. J. J. ASTOR'S SPEECH*

MAJOR THE HON. J. J. ASTOR, M.P., said:

There has recently been so much talk on this subject, so much academic theorizing that the fundamentals are in danger of becoming befogged. It is important to get

back to principles of general application. What conditions exactly would the worker regard as satisfactory conditions of employment—conditions that would lead to his contentment; to the feeling that he was getting a fair deal? I submit that he fairly aspires to: (1) increased standard of living; (2) reasonable security; (3) scope and opportunities in accordance with his abilities; and (4) an improvement in his conditions as his firm or his industry prospers.

### *Standard of Living*

Not only for this but for our national existence we depend upon our export trade. The prosperity which we hope to share is, therefore, dependent upon our efficiency: I mean not only our ability to compete with our rivals but also a condition in which the worker feels that he is getting a fair treatment. One hears sometimes, on the one hand, that high wages mean increased purchasing power, and, consequently prosperity; on the other hand that high wages mean high prices. Experience shows that both are wrong by themselves, because both wages and prices are governed by production. An increase in wages for the same output must be reflected by higher prices and nothing is gained. But it is more and more recognized—and I apologize for a platitude which is only leading up to my argument—that if by his own skill, by improved methods, new machinery, or by better management, a worker can in the same time, and with the same or less effort, produce more, he lowers cost of unit of work and is presumably worth more to his firm, and the articles being produced in greater quantity, by the same staff, at the same over-head charges, on the same floor space, can be sold at a lower price. This surely represents true increase in purchasing power: it may well stimulate the home market and lead to higher standards of living; and it is in such times of prosperity and confidence that you get an extension of businesses, the starting up of new ones and consequently, one hopes, a reduction of unemployment. If this reasoning is right,

it is at least more attractive than the theory that as the cost of living goes down, so wages should go down; and it points to a general policy of higher wages.

In seeking a satisfactory basis, we should, I think, discard anything that may be regarded as a fallacy.

### *Fallacies*

One hears that the worker desires a greater share in the management. Is this so? And if so, what does it mean? For efficiency, one executive head only in any department is surely desirable. If it is an opportunity to rise to such a position that the worker wants, by all means—I believe we still lag in this matter: we still go too much by seniority, when we should encourage rather the skill, invention and co-operation of the workers. If it is an increased voice in the conditions of work—the environment that is required, there are many ways in which this demand can be met, and in many cases is met, and it is in the interests of the management that the workers' wishes and advice should be consulted; in this the management may probably be glad to delegate some responsibility. *It is said too, that to get the confidence of the worker he must be given a great knowledge of how the business is run.* A Labour Director is sometimes put on the Board. I hardly think this is likely to achieve any great result and it may well put the Director in a position of considerable difficulty. Close touch between the Management and the workers is, of course, desirable and can be attained by regular meetings at which matters in doubt can be explained and misunderstandings avoided. This is certainly important. It is suggested sometimes that we should aim at the time when labour will hire capital rather than capital hire labour; but there is nothing to prevent this position now. There are three partners in Industry, and it is Direction that hires or attracts both Capital and Labour. Capital has only to have confidence in the direction and prospect of the undertaking to be forthcoming. We can surely say that this aim has already been realized.

To meet the demands for a share in the prosperity, many schemes and suggestions have been devised, i.e., Profit Sharing, Co-partnership, shares in the undertaking—preferably preference shares. I am not opposed to any of these, and if schemes of this nature can be applied successfully to certain businesses, so much the better ; but I do not believe in these as a fundamental principle of general application. Even if the risk of loss to the worker is overcome, you still get the difference in result between firms of varying efficiency and management, and there may be a tendency towards interference in matters of policy—interference which may seriously hinder the development of the business and the building up of adequate and necessary reserves.

There are other ways in which the prosperity of the industry may be shared. In some cases, e.g., new Industries. It may justify the raising of piece rates and where these are not in operation a bonus may be given where it has been earned. Or fruits of prosperity may be applied towards one of the most important problems that face the worker—that of security against accident, sickness, old age, or unemployment. The possibility of losing his earning power from causes beyond his own control, constitute a real grievance. The more he can be safeguarded against this, the nearer I believe we shall come towards contentment. It is unnecessary to enumerate other ways in which results of prosperity can be applied towards improving conditions of work and pay and of adding to general comfort and welfare.

As a principle of general application, I believe more could be done along the lines indicated than by schemes of profit-sharing or preference shares and so on.

At the moment one may say two courses—extreme courses—are being advocated from opposite quarters : one, that the Trade Unions for practical purposes should be abolished and, two, that the Capitalist system be reduced to chaos. My arguments are based on neither possibility. I am convinced, and it is obvious, that Trade Unions can be of help and usefulness both to the worker and the employer, and I should like to see them in this

position. I am convinced, too, that the present system, based as it is on the capacity for saving of the individual citizens of the country gives elasticity, encourages enterprise, experiments and research and can alone lead to the increase of the nation's wealth and consequent prosperity. There are now many leaders of all parties advocating a new spirit in industry. Unfortunately, their efforts are hampered by the mistakes and misunderstandings to a great extent of past generations. We cannot keep our ancient grievances and expect a happier future. There are two alternatives before us : we must choose one and act by it. One is to allow our prospects when they occur to be blighted by memories of the past, and the other is to agree to work together towards a better future. If we regard the object of industry as service, we can find a foundation broader, deeper, and nobler than mere self-interest upon which to build. And the problem we are discussing may become simpler. Lord Balfour remarked the other day that though he was a Scotchman he would not allow any Englishman or Scotchman to deprive him of his share in Magna Carta or Shakespeare because of the battles of Bannockburn or Flodden Field. We may well, I think, agree with his wisdom and apply it to ourselves.

## *CONCLUSION*

Miss Constance Smith :

I have a pleasant duty to fulfil. It is my duty before we leave this building to offer our sincere thanks on your behalf and on behalf of the Organizing Committee of the League of Nations Union to Sir William Beveridge and the Council of the London School of Economics for giving us hospitality in this hall and for making every possible arrangement for the smooth and happy working of the Conference. I take it that you wish me to convey your thanks in that form. (Applause.)

# APPENDIX

## PUBLICATIONS OF THE INTERNATIONAL LABOUR OFFICE RELATING TO MINIMUM WAGES, JOINT INDUSTRIAL COUNCILS, CONCILIATION AND ARBITRATION

### A. MINIMUM WAGES

#### *I.—DOCUMENTS OF THE INTERNATIONAL LABOUR CONFERENCE*

TENTH SESSION (Geneva 1927).

Minimum Wage-Fixing Machinery, Report and Draft Questionnaire.

#### *II.—ARTICLES IN INTERNATIONAL LABOUR REVIEW*

Minimum Wage Laws of the United States, Vol. II, Nos. 2-3, May-June 1921,

Minimum Wage Legislation for Low-paid Industries in Europe, Vol. IV, No. 2, November 1921.

Economic Effects of the British Trade Board System, by Dorothy M. Sells, Vol. VIII, No. 2, August 1923.

Minimum Wage Legislation in Canada and its Economic Effects, by J. W. MacMillan, Vol. IX, No. 4, April 1924.

The Development of State Wage Regulation in Australia and New Zealand, by D. McDaniel Sells, Vol. X, No. 4, October 1924, No. 5, November 1924, and No. 6, December 1924.

The Minimum Wage, by Theodor Brauer, Vol. XI, No. 5, May 1925.

Minimum Wage Legislation in Norway, by Fredrik Voss, Vol. XI, No. 12, December 1925.

The New Wage Act in South Africa, Vol. XIII, No. 3, March 1926.

The Legal Minimum Wage of Women Home-Workers in France, by Roger Picard, Vol. XIV, No. 2, August 1926.

## *III.—LEGISLATIVE SERIES**

ARGENTINE :

Home Work Act and Decree, 1919, Nos. 1 and 2.

Tucuman Minimum Wage Act and Decree, 1923, No. 2.

San Juan Minimum Wage Act, 1923, No. 5.

AUSTRALIA : Tasmania Wages Boards Act, 1924, No. 1.

CANADA :

Nova Scotia Minimum Wage (Women) Act, 1924, No. 1.

†Alberta Minimum Wage (Women) Act, 1925, No. 2.

CZECHO-SLOVAKIA : Home Work Act, 1920, No. 1.

GERMANY :

Home Work Act, 1923, No. 4.

Order regarding Home Work Committees, 1924, No. 9.

GREAT BRITAIN :

Northern Ireland Trade Boards Act, 1923, No. 3.

Minimum Wage (Agriculture) Act, 1924, No. 5.

†MEXICO : San Luis Potosi Minimum Wage Act, 1925, No. 1.

NORWAY : Minimum Wage for Commercial Employees Act, 1921, No. 2.

PERU : Minimum Wages Decree, 1923, No. 1.

SOUTH AFRICA : Wage Act, 1925, No. 1.

URUGUAY :

Minimum Wage (Agriculture) Act, 1923, No. 1.

Minimum Wage (Agriculture) Decrees, 1924, No. 1.

* The date given after each law or decree is the date of publication of the English text by the International Labour Office ; generally, but not always, it coincides with the year when the law or decree was passed or issued.

† The texts marked † were, at the end of 1926, in preparation for publication.

### *IV.—ARTICLES IN INDUSTRIAL AND LABOUR INFORMATION**

CANADA :

Minimum Wage (Male) Act in British Columbia, Vol. XVIII, No. 6, p. 185.

Order concerning Minimum Wages for Women Workers in Saskatchewan, Vol. XX, No. 6, p. 264.

Minimum Wages in Canada (Quebec), Vol. XXI, No. 1, p. 22.

CZECHO-SLOVAKIA : The Home Work Act, Vol. XIX, No. 2, p. 50.

GERMANY : Trade Boards in Germany, Vol. XXI, No. 7, p. 248.

GREAT BRITAIN : British Trade Boards and Minimum Wages, Vol. XXI, No. 11, p. 400.

SOUTH AFRICA : The "Civilised" Labour Policy in South Africa : Minimum Wage without Colour Bar, Vol. XXI, No. 13, p. 493.

## B. JOINT INDUSTRIAL COUNCILS. CONCILIATION AND ARBITRATION

### *I.—STUDIES AND REPORTS*

Works Councils in Germany, by Marcel Berthelot, 1924 (Series B. Economic Conditions).

### *II.—ARTICLES IN THE INTERNATIONAL LABOUR REVIEW*

Industrial Government, by John R. Commons, Vol. I, No. 1, January 1921.

The German Works Councils Act, by Eduard Bernstein, Vol. I, No. 2, February 1921.

The Kyocho Kai. Association for the Maintenance of Harmonious Relations between Capital and Labour in Japan, Vol. I, No. 2, February 1921.

Co-operation in Industry, by John D. Rockefeller Jr., Vol. II, No. 1, April 1921.

* *Industrial and Labour Information* is the weekly publication of the International Labour Office. The list in this Appendix gives articles and notes which were published in it during the year 1926, or, in a few cases, during the first quarter of 1927 (viz., 1926, Vol. XVII—January to March ; Vol. XVIII—April to June ; Vol. XIX—July to September ; Vol. XX—October to December ; and 1927, Vol. XXI—January to March).

Works Councils in the Czechoslovakian Mining Industry, Vol. II, No. 1, April 1921.

Industrial Arbitration and Conciliation in Italy, Vol. II, No. 1, April 1921.

The British Industrial Court, by Sir William Mackenzie, Vol. III, Nos. 1 and 2, July-August 1921.

Works Councils in Consumers' Co-operative Societies in Germany, Vol. III, Nos. 1 and 2, July-August 1921.

Trade Chambers in France, by C. Caillard, Vol. III, No. 3, September 1921.

Joint Industrial Councils in Canada, Vol. III, No. 3, September 1921.

Industrial Peace in New Zealand, by Sir John Findlay, Vol. IV, No. 1, October 1921.

Joint Industrial Councils in Great Britain, Vol. IV, No. 3, December 1921.

Methods of Adjustment of Labour Disputes in Germany, Vol. V, No. 1, January 1922.

Industrial Arbitration in Queensland, by T. W. McCawley, Vol. V, No. 3, March 1922.

The Works Councils Act in Austria, by Prof. E. Adler, Vol. V, No. 3, March 1922.

A Thirty-Year Experience in Industrial Democracy, by John P. Frey, Vol. V, No. 4, April 1922.

Intervention of the United States Federal Government in Railway Labour Disputes, Vol. V, No. 6, June 1922.

The Law of Collective Bargaining in Germany, by Dr. Fritz Sitzler, Vol. VI, No. 4, October 1922.

Conciliation in Agriculture, Vol. VIII, No. 1, July 1923.

The Economic Effects of the British Trade Boards System, by Dorothy M. Sells, Vol. VIII, No. 2, August 1923.

Progress of Joint Industrial Councils in Great Britain, Vol. VIII, No. 4, October 1923.

Experiments in State Control in New Zealand, by J. B. Condliffe, Vol. IX, No. 3, March 1924.

Profit-Sharing in Recent French Legislation, by P. Pic, Vol. X, No. 1, July 1924.

The Development of State Wage Regulation in Australia and New Zealand, by D. McDaniel Sells, Vol. X, Nos. 4, 5, 6, October-December 1924.

Compulsory Arbitration in Norway, by Johan Castberg, Vol. XI, No. 1, January 1925.

The Legal Nature and Economic Significance of the German Works Councils, by Hermann Dersch, Vol. XI, No. 2, February 1925.

The German and French National Economic Councils, by Roger Picard, Vol. XI, No. 6, June 1925.

The Need for an Industrial Truce, by Sir Robert Hadfield, Vol. XII, No. 1, July 1925.

The Compulsory Adjustment of Industrial Disputes in Germany, Vol. XII, No. 4, October 1925.

Recent Developments in Industrial Relations in the United States, by Herbert Feis, Vol. XII, No. 6, December 1925.

The Conciliation and Arbitration of Industrial Disputes, Vol. XIV, Nos. 5 and 6, November-December 1926, and Vol. XV, No. 1, January 1927.

Collective Bargaining in the United States of America, by Lindley D. Clark, Vol. XV, No. 2, February 1927.

The New Japanese Act on the Conciliation of Labour Disputes, Vol. XV, No. 2, February 1927.

## *III.—LEGISLATIVE SERIES*

AUSTRALIA.

(Queensland) Act: Arbitration and Conciliation, 1923, No. 1.

(Tasmania) Act: Wages Boards. 1924, No. 1.

(Queensland) Act: Industrial Arbitration. 1925, No. 6.

(Western Australia) Act: Industrial Arbitration. 1925, No. 12.

AUSTRIA.

Act and Order: Labour Councils. 1920, Nos. 19-20.

Act and Orders: Conciliation Boards. 1920, No. 22.

Act: Industrial Courts. 1922, No. 1.

BELGIUM.

Order: Conciliation and Arbitration. 1926, No. 5.

Act: Probiviral Councils. 1926, No. 10.

BOLIVIA. Decree: Collective Disputes. 1920, No. 1.

CANADA.

Act: Industrial Disputes. 1925, No. 1.

(Nova Scotia) Act: Conciliation and Arbitration. 1925, No. 3.

(British Columbia) Act: Industrial Disputes. 1925, No. 4.

(Alberta) Act: Labour Disputes. 1926, No. 2.

(Saskatchewan) Act: Industrial Disputes. 1926, No. 3.

CHILI. Act: Arbitration and Conciliation. 1924, No. 5.

COLUMBIA. Act: Conciliation and Arbitration. 1920, No. 1.

CUBA. Act: Conciliation. 1924, No. 1.

CZECHOSLOVAKIA.

Act and Order: Mines Councils, 1920. Nos. 3-5.
Act: Mining Arbitration Courts, 1920. No. 7.
Act: Works Committees, 1921. No. 4.
Act: Mining Arbitration Courts, 1924. No. 2.

DENMARK. Act: Conciliation, 1921. No. 2.

FRANCE.

Act: Code of Labour (Book IV), 1924. No. 3.
Decree: Arbitration (Seamen), 1925. No. 12.
(New Caledonia) Decree: Conciliation and Arbitration, 1926. No. 5.

GERMANY.

Act and Order: Works Councils. 1920, No. 1 and 2.
Administrative Orders: Works Councils. 1920, No. 11.
Order: Strikes and Lockouts. 1920, No. 16.

(Bremen)

Acts: Labour Councils. 1921, No. 1.
Act and Orders: Works Councils. 1922, No. 1.
Order: Conciliation. 1923, No. 6.

GREAT BRITAIN.

Act: Industrial Courts. 1920, No. 1.
(Northern Ireland) Act: Trade Boards. 1923, No. 3.

GREECE.

Decree: Arbitration (Seamen). 1924, No. 3.
Legislative Decree: Arbitration. 1926, No. 3.

HUNGARY. Order: Conciliation. 1923, No. 5.

ICELAND. Act: Industrial Disputes. 1925, No. 2.

JAPAN. Acts and Ordinances: Arbitration. 1926, No. 3.

LEAGUE OF NATIONS. (Saar Territory) Order: Trade Disputes. 1924, No. 1.

LUXEMBURG. Decree: Works Councils. 1920, No. 1.

MEXICO. (Guanajuato) Act: Conciliation and Arbitration. 1921, No. 1.

NETHERLANDS. Act: Conciliation and Arbitration. 1923, No. 1.

NEW ZEALAND.

Act: Labour Co-partnership. 1924, No. 1.

Act: Conciliation and Arbitration. 1925, No. 1.

NORWAY. Act: Compulsory Arbitration. 1922, No. 1.

POLAND.

Order: Strikes and Lockouts. 1921, No. 1.

Act and Decree: Settlement of Labour Disputes in Agriculture. 1921, No. 2.

Act and Decree: Labour Disputes in Agriculture. 1923, No. 1.

ROUMANIA. Acts: Ministry of Labour. 1920, Nos. 1-3.

RUSSIA. Order: Arbitration and Conciliation, 1923, No. 9.

SOUTH AFRICA. Act: Conciliation. 1924, No. 1.

SPAIN.

Decree: Arbitration. 1922, No. 2.

Decree: Strikes. 1923, No. 5.

SWEDEN. Act: Conciliation and Arbitration. 1920, Nos. 6-8.

UNITED STATES OF AMERICA. Act: Arbitration and Conciliation. Railways. 1926, No. 1.

## *IV.—ARTICLES IN INDUSTRIAL AND LABOUR INFORMATION*, 1926.

AUSTRALIA. Compulsory Arbitration. Vol. XX, No. 3, p. 110.

BELGIUM. Order instituting a system of Conciliation and Arbitration. Vol. XIX, No. 1, p. 12.

CANADA.

Act to validate the Industrial Disputes Investigation Act in British Columbia, Vol. XVIII, No. 6, p. 185.

Amendment of the Industrial Disputes Investigation Act. Vol. XX, No. 9, p. 396.

CHINA. Industrial Relations in Shanghai, Vol. XVII, No. 3, p. 58.

FRANCE.

Bill for the Peaceful Settlement of Collective Disputes. Vol. XVIII, No. 7, p. 246.

Compulsory Arbitration. Vol. XIX, No. 9, p. 316.

GERMANY. Bill for establishing Labour Courts. Vol. XIX, No. 1, p. 6.

GREAT BRITAIN.

Co-partnership Schemes. Vol. XVII, No. 3, p. 61 and No. 10, p. 341.

Industrial Peace Union, Vol. XX, No. 9, p. 397.

JAPAN.

Discussion on Arbitration Bill in the Diet. Vol. XVIII, No. 4, p. 108.

Training Course for Arbitration Officers. Vol. XIX, No. 6, p. 217.

Settlement of Labour Disputes by Conciliation. Vol. XX, No. 11, p. 468.

NETHERLANDS. Disputes and Collective Agreements. Vol. XVIII, No. 8, p. 288.

NEW ZEALAND. Co-partnership Experiment, Vol. XVII, Nos. 1 and 2, p. 11 and Nos. 8-9, p. 268.

NORWAY. Compulsory Arbitration. Vol. XVII, No. 5, p. 144.

SWEDEN. Enquiry concerning Industrial Disputes. Vol. XVII, No. 10, p. 316.

Proposed Arbitration Acts. Vol. XX, No. 9, p. 395.

UNITED STATES OF AMERICA. Government in Industry. Views of Employers. Vol. XVII, No. 6, p. 178.

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**History of Factory Legislation.** By B. L. HUTCHINS and A. HARRISON, D.Sc., with a Preface by Right Hon. SIDNEY WEBB, LL.B., M.P. *Third Edition*, revised with a new Chapter. Demy 8vo. 298 pp. 12*s.* 6*d.*

**Factory Legislation and its Administration, 1891—1924.** By H. A. MESS, B.A. Demy 8vo. 228 pp. 12*s.* 6*d.*

The last thirty years or so have seen a great deal attempted and a good deal accomplished in the matter of factory legislation and its administration. It is the purpose of this book to give a history of those efforts, to record the achievements, and to point out and comment on some omissions and some failures of the period.

**The British Trade Boards System: An Enquiry into its Operation.** By DOROTHY SELLS, Ph.D. Demy 8vo. 304 pp. with 4 graphs. 12*s.* 6*d.*

The Minimum Wage in various occupations has been considered and fixed by the Trade Boards established by the Act of 1909. It is frequently asked by persons concerned with reconstruction problems in the field of labour: "How has the Trade Board System developed in Great Britain, and how has it worked under the test of time and economic chaos?" This book is an attempt to answer the question in so far as it is possible to do so from available information.

**Social Aspects of Industrial Problems.** By GERTRUDE WILLIAMS, B.A., Lecturer in the Department of Social Studies, Bedford College for Women, University of London. Crown 8vo. 272 pp. 6*s.*

Contents: Human Value in Economics—Organization of Industry: (*a*) Capital, (*b*) Labour—Unemployment—Women in Industry—Government and Industry.

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**Family Allowances in Practice: An examination of the Family Wage System and of the Compensation Fund in Belgium, France, Germany and Holland.** By HUGH H. R. VIBART, M.A., B.Litt. Demy 8vo. 260 pp. 10*s.* 6*d.*

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**The Geneva Protocol for the Pacific Settlement of International Disputes.** By P. J. NOEL BAKER, M.A., late Fellow of King's College, Cambridge, Professor of International Relations in the University of London. Demy 8vo. 240 pp. 9*s.*

The object of this book is to give a full exposition of the terms of the Covenant and the Protocol, and shortly to describe the reasons which led to the insertion of the various provisions of which the Protocol consists. Its purpose is not to defend the terms of these provisions, but to explain, without prejudice or pre-judgment, what they really mean.

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